Canada

Debates of the Senate

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE MARK ROBERT DROUIN,
SPEAKER

1958

FIRST SESSION, TWENTY-FOURTH PARLIAMENT
7 ELIZABETH II

The Session was opened on May 12, 1958
and was prorogued on September 6, 1958

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

57075-4—A

THE MINISTRY

According to Precedence

SEPTEMBER 6, 1958

THE RIGHT HONOURABLE JOHN GEORGE DIEFENBAKER, M.P.	Prime Minister.
THE HONOURABLE HOWARD CHARLES GREEN, M.P.	Minister of Public Works.
THE HONOURABLE DONALD METHUEN FLEMING, M.P.	Minister of Finance and Receiver General.
THE HONOURABLE ALFRED JOHNSON BROOKS, M.P.	Minister of Veterans Affairs.
THE HONOURABLE GEORGE HEES, M.P. ..	Minister of Transport.
THE HONOURABLE LÉON BALCER, M.P. ..	Solicitor General.
THE HONOURABLE GEORGE RANDOLPH PEARKES, M.P.	Minister of National Defence.
THE HONOURABLE GORDON MINTO CHURCHILL, M.P.	Minister of Trade and Commerce.
THE HONOURABLE EDMUND DAVIE FULTON, M.P.	Minister of Justice and Attorney General.
THE HONOURABLE GEORGE CLYDE NOWLAN, M.P.	Minister of National Revenue.
THE HONOURABLE DOUGLAS SCOTT HARKNESS, M.P.	Minister of Agriculture.
THE HONOURABLE ELLEN LOUKS FAIRCLOUGH, M.P.	Minister of Citizenship and Immigration.
THE HONOURABLE J. ANGUS MACLEAN, M.P.	Minister of Fisheries.
THE HONOURABLE MICHAEL STARR, M.P.	Minister of Labour.
THE HONOURABLE WILLIAM MCLEAN HAMILTON, M.P.	Postmaster General.
THE HONOURABLE JAMES MACKERRAS MACDONNELL, M.P.	Minister without Portfolio.

57075-4—A½

THE HONOURABLE WILLIAM J. BROWNE, M.P.	Minister without Portfolio.
THE HONOURABLE PAUL COMTOIS, M.P.	Minister of Mines and Technical Surveys.
THE HONOURABLE JAY WALDO MONTEITH, M.P.	Minister of National Health and Welfare.
THE HONOURABLE FRANCIS ALVIN GEORGE HAMILTON, M.P.	Minister of Northern Affairs and National Resources.
THE HONOURABLE SIDNEY EARLE SMITH, M.P.	Secretary of State for External Affairs.
THE HONOURABLE RAYMOND JOSEPH MICHAEL O'HURLEY, M.P.	Minister of Defence Production.
THE HONOURABLE HENRI COURTEMANCHE, M.P.	Secretary of State.

PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

R. B. BRYCE	Clerk of the Privy Council and Secretary to the Cabinet.
A. M. HILL	Assistant Clerk of the Privy Council.

SENATORS OF CANADA

ACCORDING TO SENIORITY

SEPTEMBER 6, 1958

THE HONOURABLE MARK ROBERT DROUIN, SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
RALPH BYRON HORNER	Blaine Lake	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	Rosetown	Rosetown, Sask.
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
JOHN T. HAIG, P.C.	Winnipeg	Winnipeg, Man.
JOHN WALLACE DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
ARTHUR LUCIEN BEAUBIEN	Provencher	St. Jean Baptiste, Man.
ARISTIDE BLAIS	St. Albert	Edmonton, Alta.
CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN MCLEOD PATERSON	Thunder Bay	Fort William, Ont.
WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener, Ont.
LÉON MERCIER GOUIN	De Salaberry	Montreal, Que.
THOMAS VIEN, P.C.	De Lorimier	Outremont, Que.
WILLIAM RUPERT DAVIES	Kingston	Toronto, Ont.
GORDON PETER CAMPBELL	Toronto	Toronto, Ont.
WISHART MCLEA ROBERTSON, P.C.	Shelburne	Truro, N.S.
TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe, Que.
CYRILLE VAILLANCOURT	Kennebec	Lévis, Que.
JACOB NICOL	Bedford	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg, Man.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
WILLIAM HORACE TAYLOR	Norfolk	R. R. 3, Brantford, Ont.
FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat, Alta.
JOHN POWER HOWDEN	St. Boniface	Norwood Grove, Man.
VINCENT DUPUIS	Rigaud	Montreal, Que.
CHARLES L. BISHOP	Ottawa	Ottawa, Ont.
JOHN JAMES KINLEY	Queens-Lunenburg	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT	Gloucester	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto, Ont.
JOHN ALEXANDER MCDONALD	Kings	Halifax, N.S.
ALEXANDER NEIL MCLEAN	Southern New Brunswick	Saint John, N.B.
GEORGE PERCIVAL BURCHILL	Northumberland-Miramichi	South Nelson, N.B.
JEAN-MARIE DESSUREAULT	Stadacona	Quebec, Que.
PAUL HENRI BOUFFARD	Grandville	Quebec, Que.
JAMES GRAY TURGEON	Cariboo	Vancouver, B.C.
STANLEY STEWART MCKEEN	Vancouver	Vancouver, B.C.
THOMAS FARQUHAR	Algoma	Little Current, Ont.
JAMES WILLIE COMEAU	Clare	Comeauville, N.S.
THOMAS H. WOOD	Regina	Regina, Sask.
THOMAS VINCENT GRANT	Montague	Montague, P.E.I.
WILLIAM ALEXANDER FRASER	Trenton	Trenton, Ont.
WILLIAM HENRY GOLDING	Huron-Perth	Seaforth, Ont.
GEORGE H. BARBOUR	Prince	Charlottetown, P.E.I.
ALEXANDER BOYD BAIRD	St. John's	St. John's, Nfld.
RAY PETTEN	Bonavista	St. John's, Nfld.,
THOMAS REID	New Westminster	New Westminster, B.C.
J. WESLEY STAMBAUGH	Bruce	Bruce, Alta.
GORDON B. ISNOR	Halifax-Dartmouth	Halifax, N.S.
CALVERT C. PRATT	St. John's West	St. John's, Nfld.
MICHAEL G. BASHA	West Coast	Curling, Nfld.
MARIANA BEAUCHAMP JODOIN	Sorel	Montreal, Que.
MURIEL MCQUEEN FERGUSSON	Fredericton	Fredericton, N.B.
ALLAN L. WOODROW	Toronto Centre	Toronto, Ont.
FREDERICK GORDON BRADLEY, P.C.	Bonavista-Twillingate	Bonavista, Nfld.
WILLIAM ROSS MACDONALD, P.C.	Brantford	Brantford, Ont.
JOSEPH ARTHUR BRADETTE	Cochrane	Cochrane, Ont.
LEONARD DAVID SWEEZEY TREMBLAY	Lauzon	St. Malachie, Que.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
SARTO FOURNIER	De Lanaudière	Montreal, Que.
AUREL D. LÉGER	Kent	Grande Digue, N.B.
JOHN J. CONNOLLY	Ottawa West	Ottawa, Ont.
NANCY HODGES	Victoria	Victoria, B.C.
DONALD CAMERON	Banff	Edmonton, Alta.
WILLIAM M. WALL	Winnipeg	Winnipeg, Man.
DAVID A. CROLL	Toronto-Spadina	Toronto, Ont.
THOMAS D'ARCY LEONARD	Toronto-Rosedale	Toronto, Ont.
FRED A. MCGRAND	Sunbury	Fredericton Junction, N.B.
CALIXTE F. SAVOIE	L'Acadie	Moncton, N.B.
DONALD SMITH	Queens-Shelburne	Liverpool, N.S.
HAROLD CONNOLLY	Halifax North	Halifax, N.S.
FLORENCE ELSIE INMAN	Murray Harbour	Montague, P.E.I.
HARTLAND DE MONTARVILLE MOLSON	Alma	Montreal, Que.
CHARLES GAVAN POWER, P.C.	Gulf	St. Pacome, Que.
JEAN-FRANÇOIS POULIOT	De la Durantaye	Rivière du Loup, Que.
SYDNEY JOHN SMITH	Kamloops	Kamloops, B.C.
AUSTIN CLAUDE TAYLOR	Westmorland	Salisbury, N.B.
WILLIAM ALBERT BOUCHER	Prince Albert	Prince Albert, Sask.
HENRI CHARLES BOIS	Montarville	St. Bruno, Que.
J. EUGÈNE LEFRANÇOIS	Repentigny	Montreal, Que.
GEORGE STANLEY WHITE	Hastings-Frontenac	Madoc, Ont.
MARK ROBERT DROUIN (Speaker)	La Salle	Quebec, Que.
CLARENCE V. EMERSON	Saint John-Albert	Saint John, N.B.
JOSEPH A. SULLIVAN	North York	Toronto, Ont.
WILLIAM RALPH BRUNT	Hanover	Hanover, Ont.
ARTHUR M. PEARSON	Lumsden	Lumsden, Sask.
LÉON MÉTHOT	Shawinigan	Trois Rivières, Que.
GUSTAVE MONETTE	Mille Isles	Montreal, Que.
JOHN JOSEPH MACDONALD	Queens	R.R. 9, Charlottetown, P.E.I.
GUNNAR S. THORVALDSON	Winnipeg South	Winnipeg, Man.
JAMES GLADSTONE	Lethbridge	Cardston, Alta.
LIONEL CHOQUETTE	Ottawa East	Ottawa, Ont.

SENATORS OF CANADA

ALPHABETICAL LIST

SEPTEMBER 6, 1958

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	Rosetown	Rosetown, Sask.
BAIRD, A. B.	St. John's	St. John's, Nfld.
BARBOUR, GEORGE H.	Prince	Charlottetown, P.E.I.
BASHA, MICHAEL G.	West Coast	Curling, Nfld.
BEAUBIEN, ARTHUR L.	Provencher	St. Jean Baptiste, Man.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St. Albert	Edmonton, Alta.
BOIS, HENRI C.	Montarville	St. Bruno, Que.
BOUCHARD, T. D.	The Laurentides	St. Hyacinthe, Que
BOUCHER, WILLIAM A.	Prince Albert	Prince Albert, Sask.
BOUFFARD, PAUL H.	Grandville	Quebec, Que.
BRADETTE, JOSEPH A.	Cochrane	Cochrane, Ont.
BRADLEY, F. GORDON, P.C.	Bonavista-Twillingate	Bonavista, Nfld.
BRUNT, WILLIAM R.	Hanover	Hanover, Ont.
BURCHILL, G. PERCIVAL	Northumberland-Miramichi	South Nelson, N.B.
CAMERON, DONALD	Banff	Edmonton, Alta.
CAMPBELL, G. PETER	Toronto	Toronto, Ont.
CHOQUETTE, LIONEL	Ottawa East	Ottawa, Ont.
COMEAU, J. W.	Clare	Comeauville, N.S.
CONNOLLY, HAROLD	Halifax North	Halifax, N.S.
CONNOLLY, JOHN J.	Ottawa West	Ottawa, Ont.
CRERAR, T. A., P.C.	Churchill	Winnipeg, Man.
CROLL, DAVID A.	Toronto-Spadina	Toronto, Ont.
DAVIES, W. RUPERT	Kingston	Toronto, Ont.
DESSUREAULT, J.-M.	Stadacona	Quebec, Que.
DROUIN, MARK R., (Speaker)	La Salle	Quebec, Que.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DUPUIS, VINCENT	Rigaud	Montreal, Que.
EMERSON, CLARENCE V	Saint John-Albert	Saint John, N.B.
EULER, W. D., P.C.	Waterloo	Kitchener, Ont.
FARQUHAR, THOMAS	Algoma	Little Current, Ont.
FARRIS, J. W. DE B.	Vancouver South	Vancouver, B.C.
FERGUSSON, MURIEL McQ.	Fredericton	Fredericton, N.B.
FOURNIER, SARTO	De Lanaudière	Montreal, Que.
FRASER, WILLIAM A.	Trenton	Trenton, Ont.
GERSHAW, F. W.	Medicine Hat	Medicine Hat, Alta.
GLADSTONE, JAMES	Lethbridge	Cardston, Alta.
GOLDING, WILLIAM H.	Huron-Perth	Seaforth, Ont.
GOUIN, L. M.	De Salaberry	Montreal, Que.
GRANT, THOMAS V.	Montague	Montague, P.E.I.
HAIG, JOHN T., P.C.	Winnipeg	Winnipeg, Man.
HARDY, ARTHUR C., P.C.	Leeds	Brockville, Ont.
HAYDEN, SALTER A.	Toronto	Toronto, Ont.
HODGES, NANCY	Victoria	Victoria, B C.
HORNER, R. B.	Blaine Lake	Blaine Lake, Sask.
HOWARD, CHARLES B.	Wellington	Sherbrooke, Que.
HOWDEN, JOHN P.	St. Boniface	Norwood Grove, Man
HUGESSEN, A. K.	Inkerman	Montreal, Que.
INMAN, F. ELSIE	Murray Harbour	Montague, P.E.I.
ISNOR, GORDON B.	Halifax-Dartmouth	Halifax, N.S.
JODOIN, MARIANA B.	Sorel	Montreal, Que.
KINLEY, JOHN J.	Queens-Lunenburg	Lunenburg, N.S.
LAMBERT, NORMAN P.	Ottawa	Ottawa, Ont.
LEFRANÇOIS, J. EUGÈNE	Repentigny	Montreal, Que.
LÉGER, AUREL D.	Kent	Grande Digue, N.B.
LEONARD, T. D'ARCY	Toronto-Rosedale	Toronto, Ont.
MACDONALD, JOHN J.	Queens	R.R. 9, Charlottetown, P.E.I.
MACDONALD, W. ROSS, P.C.	Brantford	Brantford, Ont.
MCDONALD, JOHN A.	Kings	Halifax, N.S.
MCGRAND, FRED A.	Sunbury	Fredericton Junction, N.B.
MCKEEN, STANLEY S.	Vancouver	Vancouver, B.C.
MCLEAN, A. NEIL	Southern New Brunswick	Saint John, N.B.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
MÉTHOT, LÉON	Shawinigan	Trois Rivières, Que.
MOLSON, HARTLAND DE M.	Alma	Montreal, Que.
MONETTE, GUSTAVE	Mille Isles	Montreal, Que.
NICOL, JACOB	Bedford	Sherbrooke, Que.
PATERSON, NORMAN McL.	Thunder Bay	Fort William, Ont.
PEARSON, ARTHUR M.	Lumsden	Lumsden, Sask.
PETTEN, RAY	Bonavista	St. John's, Nfld.
POULIOT, JEAN-FRANÇOIS	De la Durantaye	Rivière du Loup, Que.
POWER, C. G., P.C.	Gulf	St. Pacome, Que.
PRATT, CALVERT C.	St. John's West	St. John's, Nfld.
QUINN, FELIX P.	Bedford-Halifax	Bedford, N.S.
RAYMOND, DONAT	De la Vallière	Montreal, Que.
REID, THOMAS	New Westminster	New Westminster, B.C.
ROBERTSON, WISHART McL., P.C.	Shelburne	Truro, N.S.
ROEBUCK, ARTHUR W.	Toronto-Trinity	Toronto, Ont.
SAVOIE, CALIXTE F.	L'Acadie	Moncton, N.B.
SMITH, DONALD	Queens-Shelburne	Liverpool, N.S.
SMITH, SYDNEY J.	Kamloops	Kamloops, B.C.
STAMBAUGH, J. WESLEY	Bruce	Bruce, Alta.
SULLIVAN, JOSEPH A.	North York	Toronto, Ont.
TAYLOR, AUSTIN C.	Westmorland	Salisbury, N.B.
TAYLOR, WILLIAM H.	Norfolk	R. R. 3, Brantford, Ont.
THORVALDSON, GUNNAR S.	Winnipeg South	Winnipeg, Man.
TREMBLAY, LEONARD	Lauzon	St. Malachie, Que.
TURGEON, GRAY	Cariboo	Vancouver, B.C.
VAILLANCOURT, CYRILLE	Kennebec	Lévis, Que.
VENIOT, CLARENCE J.	Gloucester	Bathurst, N.B.
VIEN, THOMAS, P.C.	De Lorimier	Outremont, Que.
WALL, WILLIAM M.	Winnipeg	Winnipeg, Man.
WHITE, GEORGE S.	Hastings-Frontenac	Madoc, Ont.
WILSON, CAIRINE R.	Rockcliffe	Ottawa, Ont.
WOOD, THOMAS H.	Regina	Regina, Sask.
WOODROW, ALLAN L.	Toronto Centre	Toronto, Ont.

SENATORS OF CANADA

BY PROVINCES

SEPTEMBER 6, 1958

ONTARIO—24

	SENATORS	DESIGNATION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	ARTHUR C. HARDY, P.C.	Leeds	Brockville.
2	CAIRINE R. WILSON	Rockcliffe	Ottawa.
3	NORMAN P. LAMBERT	Ottawa	Ottawa.
4	SALTER ADRIAN HAYDEN	Toronto	Toronto.
5	NORMAN MCLEOD PATERSON	Thunder Bay	Fort William.
6	WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener.
7	WILLIAM RUPERT DAVIES	Kingston	Toronto.
8	GORDON PETER CAMPBELL	Toronto	Toronto.
9	WILLIAM HORACE TAYLOR	Norfolk	R. R. 3, Brantford.
10	CHARLES L. BISHOP	Ottawa	Ottawa.
11	ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto.
12	THOMAS FARQUHAR	Algoma	Little Current.
13	WILLIAM ALEXANDER FRASER	Trenton	Trenton.
14	WILLIAM HENRY GOLDING	Huron-Perth	Seaforth.
15	ALLAN L. WOODROW	Toronto Centre	Toronto.
16	WILLIAM ROSS MACDONALD, P.C.	Brantford	Brantford.
17	JOSEPH ARTHUR BRADETTE	Cochrane	Cochrane.
18	JOHN J. CONNOLLY	Ottawa West	Ottawa.
19	DAVID A. CROLL	Toronto-Spadina	Toronto.
20	THOMAS D'ARCY LEONARD	Toronto-Rosedale	Toronto.
21	GEORGE STANLEY WHITE	Hastings-Frontenac	Madoc.
22	JOSEPH A. SULLIVAN	North York	Toronto.
23	WILLIAM RALPH BRUNT	Hanover	Hanover.
24	LIONEL CHOQUETTE	Ottawa East	Ottawa.

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	DONAT RAYMOND	De la Vallière	Montreal.
2	ADRIAN K. HUGESSEN	Inkerman	Montreal.
3	CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke.
4	LÉON MERCIER GOUIN	De Salaberry	Montreal.
5	THOMAS VIEN, P.C.	De Lorimier	Outremont.
6	TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe.
7	CYRILLE VAILLANCOURT	Kennebec	Lévis.
8	JACOB NICOL	Bedford	Sherbrooke.
9	VINCENT DUPUIS	Rigaud	Montreal.
10	JEAN-MARIE DESSUREAULT	Stadacona	Quebec.
11	PAUL HENRI BOUFFARD	Grandville	Quebec.
12	MARIANA BEAUCHAMP JODOIN	Sorel	Montreal.
13	LEONARD DAVID SWEEZEY TREMBLAY	Lauzon	St. Malachie.
14	SARTO FOURNIER	De Lanaudière	Montreal.
15	HARTLAND DE MONTARVILLE MOLSON	Alma	Montreal.
16	CHARLES GAVAN POWER, P.C.	Gulf	St. Pacome.
17	JEAN-FRANÇOIS POULIOT	De la Durantaye	Rivière du Loup.
18	HENRI CHARLES BOIS	Montarville	St. Bruno.
19	J. EUGÈNE LEFRANÇOIS	Repentigny	Montreal
20	MARK ROBERT DROUIN, (Speaker)	La Salle	Quebec.
21	LÉON MÉTHOT	Shawinigan	Trois Rivières.
22	GUSTAVE MONETTE	Mille Isles	Montreal.
23			
24			

NOVA SCOTIA—10

	SENATORS	DESIGNATION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	FELIX P. QUINN	Bedford-Halifax	Bedford.
2	WISHART MCLEA ROBERTSON, P.C	Shelburne	Truro.
3	JOHN JAMES KINLEY	Queens-Lunenburg	Lunenburg.
4	JOHN ALEXANDER MCDONALD	Kings	Halifax.
5	JOSEPH WILLIE COMEAU	Clare	Comeauville.
6	GORDON B. ISNOR	Halifax-Dartmouth	Halifax.
7	DONALD SMITH	Queens-Shelburne	Liverpool.
8	HAROLD CONNOLLY	Halifax North	Halifax.
9			
10			

NEW BRUNSWICK—10

	THE HONOURABLE		
1	CLARENCE JOSEPH VENIOT	Gloucester	Bathurst.
2	ALEXANDER NEIL MCLEAN	Southern New Brunswick	Saint John.
3	GEORGE PERCIVAL BURCHILL	Northumberland-Miramichi	South Nelson.
4	MURIEL MCQUEEN FERGUSSON	Fredericton	Fredericton.
5	AUREL D. LÉGER	Kent	Grande Digue.
6	FRED A. MCGRAND	Sunbury	Fredericton Junction.
7	CALIXTE F. SAVOIE	L'Acadie	Moncton.
8	AUSTIN CLAUDE TAYLOR	Westmorland	Salisbury.
9	CLARENCE V. EMERSON	Saint John-Albert.	Saint John.
10			

PRINCE EDWARD ISLAND—4

	THE HONOURABLE		
1	THOMAS VINCENT GRANT	Montague	Montague.
2	GEORGE H. BARBOUR	Prince	Charlottetown.
3	FLORENCE ELSIE INMAN	Murray Harbour	Montague.
4	JOHN JOSEPH MACDONALD	Queens	R.R. 9, Charlottetown

BRITISH COLUMBIA—6

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
1 JOHN WALLACE DE B. FARRIS	Vancouver South	Vancouver.
2 JAMES GRAY TURGEON	Cariboo	Vancouver.
3 STANLEY STEWART MCKEEN	Vancouver	Vancouver.
4 THOMAS REID	New Westminster	New Westminster.
5 NANCY HODGES	Victoria	Victoria.
6 SYDNEY JOHN SMITH	Kamloops	Kamloops.

MANITOBA—6

THE HONOURABLE		
1 JOHN T. HAIG, P.C.	Winnipeg	Winnipeg.
2 ARTHUR L. BEAUBIEN	Provencher	St. Jean Baptiste.
3 THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg.
4 JOHN POWER HOWDEN	St. Boniface	Norwood Grove.
5 WILLIAM M. WALL	Winnipeg	Winnipeg.
6 GUNNAR S. THORVALDSON	Winnipeg South	Winnipeg.

SASKATCHEWAN—6

THE HONOURABLE		
1 RALPH BYRON HORNER	Blaine Lake	Blaine Lake.
2 WALTER M. ASELTINE	Rosetown	Rosetown.
3 THOMAS H. WOOD	Regina	Regina.
4 WILLIAM ALBERT BOUCHER	Prince Albert	Prince Albert.
5 ARTHUR M. PEARSON	Lumsden	Lumsden.
6		

ALBERTA—6

THE HONOURABLE		
1 ARISTIDE BLAIS	St. Albert	Edmonton.
2 FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat.
3 J. WESLEY STAMBAUGH	Bruce	Bruce.
4 DONALD CAMERON	Banff	Edmonton.
5 JAMES GLADSTONE	Lethbridge	Cardston.
6		

NEWFOUNDLAND—6

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
1 ALEXANDER BOYD BAIRD	St. John's	St. John's.
2 RAY PETTEN	Bonavista	St. John's.
3 CALVERT C. PRATT	St. John's West	St. John's.
4 MICHAEL G. BASHA	West Coast	Curling.
5 FREDERICK GORDON BRADLEY, P.C	Bonavista-Twillingate	Bonavista.
6		

THE SENATE

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E. Russell Hopkins, B.A., LL.B., Law Clerk and Parliamentary Counsel.

Alcide Paquette, B.A., First Clerk Assistant.

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

C. B. Larose, Assistant Gentleman Usher of the Black Rod.

Harvey Armstrong, Chief Clerk of Committees.

H. D. Gilman, Chief Treasury Officer and Assistant to the Clerk of the Parliaments.

B. P. Lake, Editor of Debates and Chief of Reporting Branch.

Miss I. M. Hutton, Chief of Minutes and Journals (English).

Paul LaRocque, Chief of Minutes and Journals (French).

R. J. Dallaire, Acting Postmaster.

Miss P. M. Garrow, Supervisor of Stenographic Service.

R. E. C. Lay, Chief of Stationery Branch.

W. R. Gray, Chief of Joint Distribution Office.

W. D. Foran, Chief of Protective Service.

W. Pentecost, Manager of Parliamentary Restaurant.

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CANADA

Debates of the Senate

OFFICIAL REPORT

THE SENATE

Monday, May 12, 1958

OPENING OF FIRST SESSION TWENTY-FOURTH PARLIAMENT

Parliament having been summoned by Proclamation to meet this day for the dispatch of business:

The Senate met at 10 a.m.

Prayers.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker: Honourable senators, I have received the following communication:

GOVERNMENT HOUSE
Ottawa

May 12, 1958

Sir,

I am commanded to inform you that the Honourable Patrick Kerwin, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to open the First Session of the Twenty-Fourth Parliament of Canada on this day, Monday the 12th May, 1958, at 11.00 a.m.

I have the honour to be,
Sir,
Your obedient servant,

J. F. Delaute,
Secretary to the Governor General,
(Administrative)

The Honourable
The Speaker of the Senate,
The Senate,
Ottawa.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Secretary of State of Canada showing that

John Joseph MacDonald, Esquire,
Gunnar S. Thorvaldson, Esquire, Q.C.,
James Gladstone, Esquire,
Lionel Choquette, Esquire, Q.C.,

respectively, have been summoned to the Senate.

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following newly-summoned senators were severally introduced; presented Her Majesty's writs of summons, which were read by the Clerk; took the legally prescribed oath, which was administered by the Clerk, and were seated:

Hon. John Joseph MacDonald, of Glenfinnan, Prince Edward Island, introduced between Hon. Mr. Aseltine and Hon. Mr. Emerson.

Hon. James Gladstone, of Cardston, Alberta, introduced between Hon. Mr. Aseltine and Hon. Mr. Horner.

Hon. Gunnar S. Thorvaldson, of Winnipeg, Manitoba, introduced between Hon. Mr. Aseltine and Hon. Mr. Haig.

Hon. Lionel Choquette, of Ottawa, Ontario, introduced between Hon. Mr. Aseltine and Hon. Mr. Brunt.

The Hon. the Speaker informed the Senate that each of the newly-summoned senators named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

At 10.40 a.m. the Senate adjourned during pleasure.

At 10.50 a.m. the sitting was resumed, and was then adjourned, pending the arrival of the Honourable the Deputy of the Governor General.

Hon. Patrick Kerwin, Deputy of His Excellency the Governor General, having come and being seated,

The Hon. the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that: "It is the desire of the Honourable the Deputy Governor General that they attend him immediately in the Senate Chamber."

Who being come,

The Hon. the Speaker said:

Honourable Members of the Senate:

Members of the House of Commons:

I have it in command to let you know that His Excellency the Governor General does not

see fit to declare the causes of his summoning the present Parliament of Canada until a Speaker of the House of Commons shall have been chosen, according to law; but this afternoon, at the hour of three o'clock, His Excellency will declare the causes of his calling Parliament.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker: Honourable senators, I have received the following communication:

GOVERNMENT HOUSE
Ottawa

May 12, 1958

Sir,

I have the honour to inform you that His Excellency the Governor General will arrive at the main entrance of the Houses of Parliament at 3.00 p.m., today Monday the 12th May, 1958, and when it has been signified that all is in readiness, will proceed to the Senate Chamber to open formally the First Session of the Twenty-Fourth Parliament of Canada.

I have the honour to be,
Sir,
Your obedient servant,
Lionel Massey,
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
The Senate,
Ottawa

On motion of Hon. Mr. Brunt, seconded by Hon. Mr. Pearson, the Senate adjourned until 2.45 p.m.

SECOND SITTING

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

The Senate adjourned during pleasure.

At three o'clock **His Excellency the Governor General** having come and being seated upon the Throne,

The Hon. the Speaker commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that it is His Excellency the Governor General's pleasure that they attend him immediately in the Senate Chamber.

The House of Commons being come,

Their Speaker, the Hon. Roland Michener, said:

May it please Your Excellency,

The House of Commons has elected me their Speaker, though I am but little able to fulfil the important duties thus assigned to me.

If, in the performance of those duties, I should at any time fall into error, I pray that the fault may be imputed to me, and not to the Commons, whose servant I am, and who, through me, the better to enable them to discharge their duty to their Queen and country, humbly claim all their undoubted rights and privileges, especially that they may have freedom of speech in their debates, access to Your Excellency's person at all seasonable times, and that their proceedings may receive from Your Excellency the most favourable construction.

The Hon. the Speaker of the Senate answered:

Mr. Speaker, I am commanded by His Excellency the Governor General to declare to you that he freely confides in the duty and attachment of the House of Commons to Her Majesty's person and Government, and not doubting that their proceedings will be conducted with wisdom, temper and prudence, she grants, and upon all occasions will recognize and allow their constitutional privileges. I am commanded also to assure you that the Commons shall have ready access to His Excellency upon all seasonable occasions and that their proceedings, as well as your words and actions, will constantly receive from him the most favourable construction.

SPEECH FROM THE THRONE

His Excellency the Governor General was then pleased to open the First Session of the Twenty-Fourth Parliament with the following speech:

Honourable Members of the Senate,

Members of the House of Commons,

It is my pleasure to welcome you to this First Session of the Twenty-Fourth Parliament of Canada. We all recall with pleasure the historic events of last autumn when Her Gracious Majesty was present to open parliament herself and to receive the warm welcome and wide acclaim of her Canadian subjects. We look forward to the presence this summer of Her Royal Highness Princess Margaret to take part in the centennial ceremonies of British Columbia and to visit other parts of Canada.

As further evidence of the expanding sense of mutual interest among the countries of the Commonwealth as well as the growth of the Commonwealth itself, it is pleasing and significant that we will be welcoming to Canada this summer both the Prime Minister of the United Kingdom and the Prime Minister of Ghana.

My ministers have been glad to note the widely expressed desire of the peoples of many nations that the manifold advances of science shall be devoted to the betterment of mankind rather than to the arts and engines of war. My Government will continue to make unremitting efforts to assist in the peaceful solution of international problems and in the accomplishment by patient negociation of a substantial measure of disarmament. In the meantime, my advisers will

ask your support to maintain, in co-operation with our allies, armed forces adequate to deter any potential aggression.

My Government believes that the condition of international economic affairs is such as to require major concerted efforts to encourage the expansion of trade. It is accordingly very gratifying that all countries of the Commonwealth have accepted the proposal of Canada that a Commonwealth Trade and Economic Conference be held in September of this year in Montreal.

We look forward with pleasure to the visits to Canada this summer of the President of the United States and the President of the Federal Republic of Germany. My ministers welcome the opportunities which these visits will afford for useful conversations.

My Government regrets to have to report that efforts to avert a strike of firemen on the Canadian Pacific Railway were unsuccessful. It is however encouraging to note that negotiations which my ministers arranged between the parties have succeeded in narrowing the issues in dispute to the point where further direct discussions may yet resolve the question. My Government continues to maintain a constant watch over developments in this situation and will be ready in the light of events to recommend such action as the national interest demands and circumstances may require.

My Government will propose to you the enactment of a Bill of Rights to safeguard the rights of all persons in Canada in respect of all subjects within the jurisdiction of Parliament.

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.

You will be asked immediately to amend the Unemployment Insurance Act in order to extend for a further six weeks, during the current year, the period during which special seasonal benefits may be paid. Already the amendments to this Act made in November last and those made to the Unemployment Assistance Act have proven their value in mitigating the difficulties of Canadians who are temporarily without jobs. Further amendments to the Unemployment Insurance Act will be proposed at a later stage in the session.

My Government will continue to promote a vigorous program of house building, which has already proven to be a strong feature of our economy and which constitutes the best opportunity for increased work in meeting the needs of our people. My ministers are ready to co-operate fully under the authority of the National Housing Act in further projects for slum clearance and urban redevelopment to improve the cities and towns of Canada.

In order to ensure the continuation of our national housing program, you will be asked at an early date to approve an increase in the public funds made available under the National Housing Act.

You will be asked to make provision for a substantial program of public investment to be carried out by Government departments and Crown companies and to provide assistance to provincial Governments for certain agreed types of projects. In particular, a large expansion in the construction and equipment of our system of airports and airways will be proposed and an increase in our work on harbours and rivers and public buildings.

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. You will be asked to provide for the initiation of a program of research to assist in opening up the mineral resources of our Arctic islands.

My ministers have made progress in arrangements for the construction of the South Saskatchewan project. Proposals will be placed before you to make possible the commencement, this year, of the construction of the main dam intended to create a great reservoir in the heart of the prairie in order to further the productive development of this part of Canada.

The easing of the stringency in the capital markets of Canada during the past eight months encourages confidence in the expectation that large programs of public investment can be successfully financed not only by my Government and its agencies but also by provincial Governments and municipalities. My ministers remain mindful of the importance of financing their large program of expenditures in such manner as will best safeguard against a recurrence of inflationary dangers in future. They wish to urge upon all groups in our society a recognition of the dangers and inequities of inflation and the need to restrain demands which will give rise to increases in prices and the costs of production.

The improvements in our financial relations with the provinces made by the last Parliament are having a beneficial effect upon our economy by making it possible for provincial Governments and their municipalities to proceed with greater confidence upon expanded programs of necessary services and works.

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.

To promote and guide the proper long-term development of our National Capital region upon lines worthy of our nation, my Government will request you to enact a new National Capital Act to replace the present Federal District Commission Act.

Changes will be proposed in the Hospital Insurance and Diagnostic Services Act to make certain that payments may be made to participating provinces qualifying under the act in respect of any periods commencing after June this year.

You will be asked to authorize the establishment of a Harbour Commission to combine the growing harbours at Fort William and Port Arthur and to fit this Lakehead harbour to handle the larger traffic to be expected as a result of the seaway.

Unremitting efforts are being made to sell Canadian agricultural and fisheries products in the markets of the world and considerably larger exports of wheat and cattle have been made. Support prices have now been established for a considerable number of products under the Agricultural Stabilization Act to carry into effect, for the current year, the desire of Parliament that agriculture should be thus assisted to realize fair returns for its labour and investment.

The act to provide cash advances on farm stored grain has proven to be of advantage to a large number of farmers and to the economy as a whole. Certain amendments will be proposed to that act in the light of experience in its application.

Amendments will also be proposed to the Prairie Farm Assistance Act and the Canadian Farm Loan Act.

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

You will be asked to replace the present Ticket of Leave Act with a new statute to establish a National Parole Board. There will be submitted for your consideration amendments to the Citizenship Act and the Indian Act to eliminate certain discriminatory provisions in these statutes.

Amendments will be proposed to the Veterans Insurance Act, the Returned Soldiers Insurance Act, the Children of War Dead (Education Assistance) Act, the Emergency Gold Mining Assistance Act, the Transport Act, the National Parks Act and a number of other statutes.

Members of the House of Commons,

You will be asked to appropriate the funds required to carry on the services and payments approved by Parliament.

My ministers will lay before you in accordance with the law the special warrants which I issued upon their advice to authorize expenditures urgently required for the public good during the period since the Twenty-Third Parliament was dissolved. You will be invited to consider and approve these expenditures. An amendment to the Financial Administration Act will be proposed relating to the use of special warrants.

Other measures will be proposed to improve the effectiveness of the processes of Parliament.

The Government will ask your approval of the installation in the House of Commons of a system of simultaneous translation.

You will be asked to set up a Select Committee on Broadcasting, a Standing Committee on Estimates and Standing Committee on Veterans Affairs, all with power to send for persons and papers. My ministers will propose that a member of Her Majesty's Loyal Opposition be elected Chairman of the Committee on Public Accounts.

Honourable Members of the Senate,

Members of the House of Commons,

May Divine Providence bless and guide you in the accomplishment of the high purpose which brings you here.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. Mr. Brunt presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION ON MAY 21

On motion of Hon. Mr. Brunt, seconded by Hon. Mr. Pearson, it was ordered that the speech of His Excellency the Governor General be taken into consideration on Wednesday, May 21.

COMMITTEE ON ORDERS AND PRIVILEGES

APPOINTMENT

Hon. Mr. Brunt, with leave of the Senate, moved, seconded by Hon. Mr. Pearson:

That all the senators present during this session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate chamber when and as often as they please.

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. Mr. Brunt, with leave of the Senate, moved, seconded by Hon. Mr. Pearson:

That pursuant to Rule 77, the following senators, to wit: the Honourable Senators Aseltine, Beaubien, Brunt, Haig, Macdonald, Monette, Quinn, Taylor (Norfolk), Vaillancourt and White be appointed a Committee of Selection to nominate senators to serve on the several Standing Committees during the present session; and to report with all convenient speed the names of the senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 13, 1958

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

Prayers.

THE LATE SENATOR MacKINNON

TRIBUTES

Hon. W. M. Aseltine: Honourable senators, my first duty before we transact any business is a sad one. Since dissolution last January another of our prominent senators has passed to the Great Beyond; and one of the reasons we are gathered here today is to pay tribute to his memory. The occasion is a sad one for me, and, I am sure, for all of us; and these occasions occur all too frequently.

Honourable senators know that I became a member of this chamber away back in December of 1933: my first session was 1934. If I remember correctly, when I came into this chamber my seniority number was 90, and now I find that it is 6. Since that time some 84 or 85 honourable friends who were here then, as well as quite a number of others who were summoned here since, have passed away. Obviously, life is a very fleeting thing.

At this time I regret to report the passing of Senator James Angus MacKinnon, affectionately known in this chamber as Jim MacKinnon. I knew all about Jim MacKinnon before he entered politics. He was born in a place called Port Elgin, in western Ontario. In my town in Saskatchewan there was a man who at one time had lived in Port Elgin, where he and Jim MacKinnon had played together as boys. This man used to visit his old friend at Edmonton quite frequently, and when he came back he always had a talk with me—we lived on opposite corners of the same street—and he would tell me that his friend intended to enter politics a little later on, but in the meantime was getting himself established in business. From what he told me I was quite sure that if Jim MacKinnon ever entered politics he would be a success, for he was already a successful business man. However, he did not stand for election until the year 1935, when he was elected for a city of Edmonton seat by quite a large majority. As his friend had prophesied, he became quite prominent in the House of Commons; in fact, in 1940 he was named Minister of Trade and Commerce, a very important position indeed, which he held until 1948. During that time he travelled through the South Americas and in many parts of the world, on behalf of the Government of the day. Early in 1948 he became Minister of Fisheries, but did not hold that portfolio for very long, having been appointed Minister of Mines and Resources in the summer of that year. He remained in that office until May 1949, when he was summoned to and became a member of this chamber.

Senator MacKinnon was a very kindly man, one of nature's gentlemen. I always considered him a very personal friend and valued his friendship very highly. His presence here will be greatly missed, and I am sure that you will all join with me in extending our sincere regrets to his daughter and grandchildren.

Hon. W. Ross Macdonald: Honourable senators, I join with the Leader of the Government (Hon. Mr. Aseltine) in expressing my very deep sympathy to Senator MacKinnon's daughter and his three grandchildren. As we know they were very dear to him, and they will miss him greatly. We also will greatly miss Senator MacKinnon, to whom the Leader of the Government has referred in the manner in which we all referred to him, as Jim.

Our late colleague was a Canadian, having been born at Port Elgin, Ontario, of Scottish parents. Both his father and his mother had come from Scotland and settled in Canada, and he lived in that section of Ontario where there were so many Scots.

He saw the vision which Sir Wilfrid Laurier had seen at the beginning of this century, namely, that the twentieth century belongs to Canada; and, seeing that vision at an early age, he went West and settled in Alberta, where he became a prominent citizen and a successful businessman. He has been in Parliament since 1935. That was the year when I entered Parliament, and I have been very close to him throughout the intervening years.

Honourable senators may recall that in 1935 he was the only member elected to the House of Commons from Alberta. I believe I am correct in that. He therefore had the responsibility of representing all the people of Alberta as a member supporting the Government of the day, and I remember well the stacks of mail he received. I would go in his office, and every day hundreds of letters would come to him from all over Alberta. He never neglected one of those letters. He was indeed a most faithful member of Parliament.

He was called to the cabinet by the late Right Honourable W. L. Mackenzie King, in 1939, as a minister without portfolio, and in the following year became Minister of

Trade and Commerce. It was in that portfolio, honourable senators, that he gave, I believe, his most splendid service to our country. He went on a trade mission to South America. I have spoken to many representatives of South American countries who met Jim MacKinnon when he was on that mission, and I can say he was indeed an ambassador of good will. He built up a splendid feeling between Canada and the South American countries. Later on, as the honourable leader has said, Senator MacKinnon held other portfolios in the Government.

Honourable senators, our late colleague was widely known not only in Canada, but throughout the United States. In fact, he was so well known there that after his death an article about him was given quite a prominent place in the New York *Times*. I would like to read what that newspaper said in its issue of April 19 last. After announcing his passing, the article went on:

> He was president of James A. MacKinnon Company Limited, of Edmonton, and a director of International Business Machines Company, Ltd., the Canadian Montana Pipe Line Company, Catelli Food Products Company, Dairy Supplies, Ltd., Vulcan Oils, Sisco Mines, Commonwealth International Corporation and the Leverage Fund of Canada.
>
> Mr. MacKinnon entered the cabinet as a Minister without portfolio in MacKenzie King's Government in 1939, becoming Trade Minister a year later. He became Fisheries Minister in 1948 and Mines Minister later the same year. He retained the latter portfolio when Louis St. Laurent succeeded Mr. King as Prime Minister late in 1948.
>
> He resigned as Mines Minister in March, 1949, and was appointed to the Senate a month later, remaining in the cabinet as a Minister without portfolio for another year.

Senator MacKinnon was indeed a very kindly man and a great gentleman. He spoke evil of no one. When something was done of which he did not approve, he would express his disappointment, but he had no bitterness in his soul. I am sure we will all remember our late colleague as a kindly gentleman, and a great friend to all of us.

Hon. Jean-François Pouliot: Honourable senators, our new colleagues will realize that the most precious reward of a political life when a member of Parliament comes to Ottawa is to make friendships that are enduring. Senator MacKinnon used to greet his colleagues by saying "Good day, my friend." I know one of our colleagues who uses the same expression whenever I meet him; and there is another gentleman, in the House of Commons, who follows the same practice and says, when he meets one of his colleagues, "Bonjour, mon ami." Senator MacKinnon, with his big heart, meant that greeting, meant it sincerely; he gave the lie to the well-known dictum that "The friend of all is the friend of none." I knew him quite intimately when he had his office across from mine, on the fourth floor of the House of Commons. I saw how hard he worked for the people of Canada, and especially for the people of his own province, and how popular he was with all.

I am not to repeat what has been said in the moving tributes paid to the memory of a well-beloved colleague by the new Leader of the Government (Hon. Mr. Aseltine) and the Leader of the Opposition (Hon. Mr. Macdonald), but may I quote one of the most gracious obituaries that has ever been published of a deceased public man? It is entitled "Senator MacKinnon's Vistas", and it was published in the Ottawa *Journal* of April 19:

> "Big Jim" from Bruce County loved the vistas of his native land. He knew the West when it was raw and, as a cabinet minister, shared in the counsels of the Dominion in anxious times.
>
> He was one of the forever young and when his duties of statecraft and business had eased it was his relaxation to travel about the world, learning about new countries and different people.
>
> His views were as wide as those of the foothills and the lakes and his death is mourned. There remains the memory of a gentle, kindly man whose grace was friendship.

It was particularly moving to listen to the impressive tributes that were expressed by the pastor of his church at Edmonton, who came to Ottawa for the funeral.

To his daughter and his grandchildren I offer my most sincere sympathy.

Hon. F. W. Gershaw: Honourable senators, coming from Alberta, as I do, I want to say that the people of Edmonton loved "Jim" MacKinnon. A large number attended his funeral, and many flowers were sent, each petal representing someone's kind thought or some kind deed.

From a humble home he rose high in the service of his country, and he will be mourned by many. He achieved great honour and, as has been said, was prominent in many affairs. His passing shows

> The glories of our blood and state
> Are shadows, not substantial things;
> There is no armour against Fate,
> Death lays his icy hand on kings.

I join in the expression of our sincere sympathy to his daughter.

(Translation):

Hon. Aristide Blais: Honourable senators, it is a painful duty for any one of us to speak of the sudden demise of a Senate colleague, but when that colleague was also a friend of fifty years' standing who played an important part in one's life, then the loss is irreparable for it is felt throughout this earthly life.

Fifty-seven years ago—it seems as yesterday—a tall and handsome young man of nineteen, from one of the old Scottish families of Port Elgin, Ontario, took the

train to that part of the Northwest Territories which, in 1905, became the province of Alberta. The slogan "Go west young man" was then in every mouth. His only baggage was a certificate from the institute of higher commercial studies of Bruce county, a fine family education and a wealth of ancestral traditions going back almost to the first Scottish clans. Thus equipped, James Angus MacKinnon could face any changes in climate and all the ups and downs of fortune. He had the mettle necessary to meet all trials and was eager to get down to work. Anxious not to waste any time, he accepted upon his arrival a position as teacher in Lacombe; later, I believe, he became school inspector at Wetaskiwin, a few miles from Edmonton. Those few years devoted to education in a rural community, where everything had to be done from scratch, brought him in contact with all the problems of life. He was fascinated, intoxicated by the varied resources of the soil, the beautiful scenery, the endless plains, the bountiful crops, the Indian reserves and their problems, the hunting and fishing and the healthy and bracing air of the Rockies which increased his optimism and doubled his energies.

In 1905 he was in Edmonton to attend the celebrations held in honour of the inauguration by Sir Wilfrid Laurier and Lieutenant Governor Bulya of the new province of Alberta and its entry into Confederation. Such festivities, a milestone in any man's life, might well have inspired patriotism and filled the hearts of men with ambition to develop our beautiful country. James MacKinnon must have been moved to the very depths of his soul by the impressive demonstrations which were held on this occasion in Alberta. Not long ago, he had the great satisfaction of attending the fiftieth anniversary of the province which he had so greatly helped to develop.

The population having increased and a general hardware store being needed to help construction, he founded Northern Hardware Limited which, I believe, though it has changed hands many times, is still in existence. In the meantime, he contributed to the "Bulletin" under the direction of the Hon. Frank Oliver, Minister of the Interior in Sir Wilfrid Laurier's Government, took an interest in politics, founded the Young Liberals Club and played an important part in all social activities, in sports, in the Chamber of Commerce and in real estate. Nothing escaped him, his interests extended to all fields and he tried to keep abreast of everything. In 1911 he had chosen his calling; he sold Northern Hardware Limited and launched definitely into insurance and finance. His popularity increased constantly and he organized the first hockey club in Edmonton. Wherever he went, he was noted for his nobility of character, his infinite tactfulness, his true courtesy and his exquisite politeness which, with his many qualities of heart and mind, caused him to be elected in 1935 as member of Parliament for Edmonton West and later to be appointed as Minister of Trade and Commerce in 1940, as Minister of Fisheries in 1948 and as Minister of Mines and Resources in June, 1948. The same qualities accompanied him in his trade missions to South America and to the states of South Africa; they were the key to his great popularity.

When I recall the different stages of his career, I can only conclude that he fashioned his own destiny, for he left nothing to chance; everything was wisely thought out, mulled over, planned methodically and carried out with unswerving perseverance.

He had the keenest sense of duty and would let nothing interfere with the accomplishment of his duty. But he was at his best in the privacy of his own home, where, away from the pressure of business, he was really himself and the most devoted of friends. He had the highest regard for friendship and his loyalty to his friends had become proverbial. Were I to summarize his life, I would say that it was a model of honesty and sincerity and I would propose him as an example of a life well filled.

In closing, may I extend to him, in the silence of the Great Beyond, a final expression of appreciation for the deep friendship with which he honoured me and for the many kindnesses and gifts which he lavished upon me.

(Text):

Hon. Donald Cameron: Honourable senators, as a fellow townsman of Senator MacKinnon for nearly 20 years, I would be remiss in my duties and in my respect and affection for him did I not take this opportunity to join with others in expressing deep regret at the passing of this distinguished Canadian and great friend.

Senator MacKinnon was probably known to me in a capacity different from that in which he was known to many others. I knew him first when I was a student at the University of Alberta. He was a friend of all students there, and in his own kindly and unobtrusive way he was responsible for helping more than one Canadian student to carve a niche in the annals of this country, particularly in the West.

Reference has been made to the qualities of kindness, generosity and character of Senator MacKinnon. Nothing that could be said could exaggerate in any way the meaning of those qualities. In the community in which he lived, he was certainly "Mr. Edmonton" to all who knew him. I think it was rather typical of him that even in his passing he portrayed to the end that quality of unobtrusiveness which was so much a characteristic of him. For a man who made the contribution that he did to the building of this country, particularly the West, he had the great gift of doing it in a sincere and determined but none the less quiet and self-effacing way.

Senator MacKinnon was an outstanding Canadian and a fine citizen, and the world is poorer for his passing. I like to think that in one who represented Canada in so many missions abroad it was fortunate that there were represented in such a marked degree so many of the fine qualities we like to associate with the name "Canadian".

LIBRARY OF PARLIAMENT

REPORT OF LIBRARIAN

The Hon. the Speaker: Honourable senators, I have the honour to present to the Senate the report of the Parliamentary Librarian to the First Session of the Twenty-Fourth Parliament.

Ordered, that the report be tabled.

DIVORCE

REPORT OF COMMITTEE OF SELECTION ADOPTED

Hon. George S. White presented the report of the Committee of Selection.

The report was read by the Clerk as follows:

The Committee of Selection appointed to nominate senators to serve on the several Standing Committees for the present session, make their first report, as follows:

Your committee have the honour to submit herewith the list of senators selected by them to serve on the Standing Committee on Divorce, namely:

The Honourable Senators *Aseltine, Baird, Barbour, Burchill, Cameron, Croll, Emerson, Euler, Farquhar, Farris, Fergusson, Gershaw, Golding, Haig, Hawkins, Hodges, Horner, Howard, Howden, Isnor, Kinley, *Macdonald, Roebuck, Smith (Queens-Shelburne), Taylor (Westmorland) and Thorvaldson. (24).

*Ex officio member.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. White: With leave, I move that the report be adopted now.

Motion agreed to.

57075-4—2

APPOINTMENT OF COMMITTEE

Hon. W. M. Aseltine, with leave of the Senate, moved:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the Standing Committee on Divorce during the present session, be and they are hereby appointed to form part of and constitute the said committee to inquire into and report upon such matters as may be referred to them from time to time.

Motion agreed to.

Hon. Arthur W. Roebuck: Honourable senators, in the first instance, I wish to announce that the Committee on Divorce will meet tomorrow morning for purposes of organization. If notices of the meeting have not already been sent out, I believe they are on the way.

I wish to thank those members who served on the committee previously for offering their services again. There is an old saying that the best reward of work well done is more work to do, and no doubt those good members who served so faithfully in the past have been recognized by the Selection Committee putting their names on once again. I hope they will give to this session's work the same attention and devotion that they gave last session.

More particularly, I wish to welcome the two new members of the committee, the honourable Senators Emerson and Thorvaldson. Perhaps they will find the work not so onerous and disagreeable as some people might think, for there is a spirit of good fellowship among the members and a very happy relationship exists; we all feel we are contributing something to the conduct of the Senate and the well-being of Parliament. That is a satisfaction to us. We try to do the very best work we can, and may I say to my fellow senators that since I have been chairman—and it is now a number of years—we have not made a report to the Senate that has not been unanimous.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Roebuck: Not that we have endeavoured to keep everybody in line, or anything of that kind, for we have not; it has just happened that in every case we have been unanimous in what we felt was the right conclusion. I am also delighted to be able to say that, at least since I have been chairman—and I believe this applies also to my honourable predecessor (Hon. Mr. Aseltine)—in no instance has the recommendation of the committee failed to obtain the concurrence of the Senate itself. That is quite a record, and to those of us who have served on the committee and given of our

time and effort it has been very gratifying to know we have enjoyed the confidence of our fellow senators.

May I take this opportunity, although it may be a little out of order, to say how pleased I am to see that my predecessor as chairman of the Divorce Committee is now the Leader of the Government in this house.

Hon. Mr. Aseltine: I have had good training.

Hon. Mr. Roebuck: We all appreciated the work and the attitude of the honourable the senior senator from Winnipeg (Hon. Mr. Haig) when he led the house last session, and regret that he has seen fit to relinquish his duties in that regard. However, he having done so, I think I can speak for every member of this house when I say that we are all delighted to see the honourable senator from Rosetown (Hon. Mr. Aseltine) in that position of responsibility. The honourable gentleman was kind enough to come to my office shortly after his appointment. I repeat the assurance I gave him on that occasion—and again I think I can speak for all my colleagues—that, short of pulling punches in debate, we would do all we could—and that is a good deal—to make his tenure of office successful. We wish him success, and for my part I have great pleasure in seeing him here as leader.

Hon. Senators: Hear, hear.

Motion agreed to.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION

Hon. George S. White presented the second report of the Committee of Selection.

The Clerk (reading):

The Committee of selection appointed to nominate senators to serve on the several standing committees for the present session, make their second report, as follows:

Hon. Senators: Dispense.

For text of report see Appendix to today's Hansard, *pp. 11 to 12.*

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. White: Honourable senators, I move, seconded by the Honourable Senator Brunt, that the report be considered tomorrow.

Hon. Mr. Macdonald: Next sitting.

Motion agreed to.

ROYAL COMMISSION ON CANADA'S ECONOMIC PROSPECTS

INQUIRY AS TO REPORT

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, before the Orders of the Day are proceeded with, I wish to direct to the newly appointed leader (Hon. Mr. Aseltine) a question which has to do with the Gordon Commission report. If my memory serves me rightly, for long years reports of committees or commissions have always been distributed to members of Parliament—members of the House of Commons and of the Senate—before being given to the public. However, for the past month the *Financial Post* and other papers have been publishing extracts from the report submitted by the Gordon Royal Commission to the Government, which report has not yet been made available to members of Parliament. My question to you, sir, is, when may we expect to receive a copy of that report?

Hon. Mr. Aseltine: I will inquire into that immediately and let my honourable friend have an answer at the next sitting.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, before the house adjourns may I inquire as to the business for tomorrow? Apparently we are going to sit tomorrow, though there is nothing on the Order Paper.

Hon. Mr. Aseltine: Honourable senators, it is proposed that tomorrow we will adopt the report of the Committee of Selection, and we expect to receive for consideration an interim supply bill.

Hon. Mr. Macdonald: Thank you.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 10)

REPORT OF COMMITTEE OF SELECTION

Tuesday, May 13, 1958

The Committee of Selection appointed to nominate senators to serve on the several Standing Committees for the present session, make their second report, as follows:

Your Committee have the honour to submit herewith the list of senators selected by them to serve on each of the following Standing Committees, namely:

JOINT COMMITTEE ON THE LIBRARY

The Honourable the Speaker, the Honourable Senators Aseltine, Cameron, Fergusson, Fournier, Gladstone, Gouin, Lambert, MacDonald, McDonald, Pouliot, Reid, Vien, Wall and Wilson. (15)

JOINT COMMITTEE ON PRINTING

The Honourable Senators Barbour, Blais, Bouffard, Bradette, Bradley, Choquette, Comeau, Davies, Euler, Isnor, McGrand, Nicol, Pearson, Savoie, Smith (Kamloops), Stambaugh Thorvaldson, Turgeon and Wood. (19)

JOINT COMMITTEE ON THE RESTAURANT

The Honourable the Speaker, the Honourable Senators Beaubien, Fergusson, Hodges, Howard, McLean and White. (7)

STANDING ORDERS

The Honourable Senators *Aseltine, Beaubien, Bishop, Haig, Hayden, Horner, Howden, Inman, Kinley, Leger, *Macdonald, McLean, Methot, Pratt, Tremblay and Wood. (14)

**Ex officio* member.

BANKING AND COMMERCE

The Honourable Senators *Aseltine, Baird, Beaubien, Bouffard, Brunt, Burchill, Campbell, Connolly (Ottawa West), Crerar, Croll, Davies, Dessureault, Emerson, Euler, Farris, Farquhar, Gershaw, Golding, Gouin, Haig, Hardy, Hawkins, Hayden, Horner, Howard, Howden, Hugessen, Isnor, Kinley, Lambert, Leonard, *Macdonald, McDonald, McKeen, McLean, Monette, Paterson, Pouliot, Power, Pratt, Quinn, Reid, Robertson, Roebuck, Taylor (Norfolk), Turgeon, Vaillancourt, Vien, White, Wilson, Wood and Woodrow. (50)

**Ex officio* member.

TRANSPORT AND COMMUNICATIONS

The Honourable Senators *Aseltine, Baird, Beaubien, Bishop, Bouffard, Bradley, Brunt, Campbell, Connolly (Halifax North), Connolly (Ottawa West), Dessureault, Emerson, Euler, Farris, Gershaw, Gladstone, Gouin, Grant, Haig, Hardy, Hawkins, Hayden, Horner, Hugessen, Isnor, Jodoin, Kinley, Lambert, Lefrancois, *Macdonald, Marcotte, McGrand, McKeen, McLean, Methot, Molson, Monette, Nicol, Paterson, Pearson, Power, Quinn, Raymond, Reid, Robertson, Roebuck, Smith (Queens-Shelburne), Stambaugh, Veniot, Vien, Wood and Woodrow. (50)

**Ex officio* member.

MISCELLANEOUS PRIVATE BILLS

The Honourable Senators *Aseltine, Baird, Beaubien, Bois, Boucher, Bouffard, Bradette, Brunt, Choquette, Connolly (Halifax North), Connolly (Ottawa West), Dupuis, Euler, Farris, Fergusson, Haig, Hayden, Horner, Howard, Howden, Hugessen, Inman, Lambert, Leger, *Macdonald, McDonald, Monette, Nicol, Quinn, Reid, Roebuck, Stambaugh, Sullivan, Taylor (Norfolk), Taylor (Westmorland), Thorvaldson and Tremblay. (35)

**Ex officio* member.

INTERNAL ECONOMY AND CONTINGENT ACCOUNTS

The Honourable Senators *Aseltine, Basha, Beaubien, Bouffard, Brunt, Campbell, Connolly (Ottawa West), Dessureault, Drouin (Speaker), Gouin, Haig, Hayden, Hodges, Horner, Howard, Isnor, *Macdonald, McDonald, McLean, Paterson, Petten, Quinn, Robertson, Turgeon, Vaillancourt, Vien and Wilson. (25).

**Ex officio* member.

EXTERNAL RELATIONS

The Honourable Senators *Aseltine, Beaubien, Boucher, Bradette, Bradley, Crerar, Croll, Farquhar, Farris, Fergusson, Fournier, Gouin, Haig, Hardy, Hayden, Horner, Howard, Hugessen, Jodoin, Lambert, Lefrançois, *Macdonald, MacDonald, Marcotte, McLean, Monette, Nicol, Robertson, Savoie, Taylor (Norfolk), Turgeon, Vaillancourt, Veniot, Vien, Wall, White and Wilson. (35).

**Ex officio* member.

FINANCE

The Honourable Senators *Aseltine, Baird, Barbour, Beaubien, Bouffard, Burchill, Campbell, Connolly (Halifax North), Connolly (Ottawa West), Crerar, Dupuis, Euler, Farris, Fraser, Gershaw, Golding, Haig, Hawkins, Hayden, Horner, Howden, Isnor, Lambert, Leonard, *Macdonald, McKeen, Molson, Paterson, Pearson, Petten, Pratt, Quinn, Reid,

Robertson, Roebuck, Smith (Queens-Shelburne), Stambaugh, Taylor (Norfolk), Turgeon, Vaillancourt, Vien, White and Woodrow. (41).

**Ex officio* member.

TOURIST TRAFFIC

The Honourable Senators *Aseltine, Baird, Basha, Beaubien, Bishop, Bois, Bouffard, Cameron, Connolly (Halifax North), Crerar, Croll, Davies, Dupuis, Emerson, Fergusson, Fraser, Gershaw, Horner, Inman, Isnor, Jodoin, *Macdonald, McLean, Methot, Roebuck, Smith (Kamloops), and Tremblay. (25).

**Ex officio* member.

DEBATES AND REPORTING

The Honourable Senators *Aseltine, Bishop, Choquette, Davies, Grant, *Macdonald, McGrand, Monette, Savoie and Tremblay. (8).

**Ex officio* member.

NATURAL RESOURCES

The Honourable Senators *Aseltine, Barbour, Basha, Beaubien, Bois, Bouffard, Burchill, Cameron, Comeau, Crerar, Davies, Dessureault, Dupuis, Emerson, Farquhar, Fraser, Gladstone, Haig, Hawkins, Hayden, Horner, Kinley, *Macdonald, McDonald, McKeen, McLean, Methot, Nicol, Paterson, Pearson, Petten, Power, Raymond, Stambaugh, Taylor (Norfolk), Taylor (Westmorland), Turgeon, Vaillancourt, Vien and Wood. (38).

**Ex officio* member.

IMMIGRATION AND LABOUR

The Honourable Senators *Aseltine, Beaubien, Blais, Bouchard, Boucher, Burchill, Campbell, Crerar, Croll, Dupuis, Euler, Farquhar, Fournier, Gershaw, Haig, Hardy, Hawkins, Hodges, Horner, Hugessen, Lefrançois, *Macdonald, Monette, Pearson, Reid, Roebuck, Taylor (Norfolk), Turgeon, Vaillancourt, Veniot, Wall, White, Wilson and Wood. (32).

**Ex officio* member.

CANADIAN TRADE RELATIONS

The Honourable Senators *Aseltine, Baird, Bishop, Blais, Brunt, Burchill, Campbell, Crerar, Davies, Dessureault, Emerson, Euler, Fergusson, Fraser, Gouin, Haig, Hawkins, Howard, Kinley, Lambert, Leonard, *Macdonald, MacDonald, McKeen, McLean, Methot, Molson, Nicol, Paterson, Petten, Pouliot, Pratt, Robertson, Smith (Kamloops), Turgeon and Vaillancourt. (34).

**Ex officio* member.

PUBLIC HEALTH AND WELFARE

The Honourable Senators *Aseltine, Blais, Burchill, Choquette, Comeau, Connolly (Halifax North), Dupuis, Emerson, Farris, Fergusson, Gershaw, Gladstone, Golding, Gouin, Grant, Hawkins, Howden, Inman, Jodoin, Kinley, *Macdonald, MacDonald, McGrand, Monette, Pratt, Roebuck, Smith (Queens-Shelburne), Stambaugh, Sullivan, Thorvaldson, Veniot, Wall, Wilson and Woodrow. (32).

**Ex officio* member.

CIVIL SERVICE ADMINISTRATION

The Honourable Senators *Aseltine, Bishop, Bouchard, Cameron, Davies, Dessureault, Dupuis, Gouin, Haig, Kinley, Leger, *Macdonald, Marcotte, Quinn, Roebuck, Taylor (Norfolk), Turgeon and Wilson. (16).

**Ex officio* member.

PUBLIC BUILDINGS AND GROUNDS

The Honourable Senators *Aseltine, Barbour, Choquette, Connolly (Ottawa West), Dessureault, Haig, Horner, Lambert, *Macdonald, McGrand, Paterson, Pouliot, Quinn, Wall and Wilson. (13).

**Ex officio* member.

All which is respectfuly submitted.

GEORGE S. WHITE,
Chairman.

THE SENATE

Wednesday, May 14, 1958

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

Prayers.

DIVORCE

PETITIONS

Hon. Arthur W. Roebuck: Honourable senators, I have a pleasant duty to perform. I wish to present to the house 288 petitions for divorce.

Hon. Mr. Macdonald: Did you say pleasant or unpleasant?

Hon. Mr. Roebuck: I said a pleasant duty. Whether anybody questions it as being a pleasant duty or not, I hope to be able to present 40 more petitions at our sittings next week. At this time I would like to make a few general remarks.

The number of petitions actually filed is 318, of which 288 were presented to the Senate this afternoon. An additional 30 petitions are in process of preparation, and by the time we sit again a further 10 will likely be ready for presentation. When Parliament opened on October 14, 1957, I had the honour to present 291 petitions, and in 20 of those cases notice of opposition had been given by the respondent. To date this session there are 31 such notices of opposition. It will be seen, therefore, that there is a steady growth of this work. It may interest honourable senators to know that six notices of contestation are by husbands who are opposing the application of wives for freedom from the bond of matrimony.

I am sure it will be of interest to point out that the committee debated for some time the problem of giving notice of the petition to the co-respondent. One of the arguments against it was that the co-respondent is so often unknown. Well, I rather doubted the evidence that came before us so frequently that the co-respondent was unknown. There may be some cases in which the co-respondent is not known, but not very many. It is rather interesting to know that of the 31 notices of opposition received so far this session, 3 are from co-respondents. I argued previously that it was unfair that divorce proceedings should be instituted and in many cases carried to completion without any official notice to the co-respondent.

The number of applications to dispense with the naming or serving of the co-respondent were only 6 last session, and this session there are only 7. That shows the wisdom of the change in the rules that we adopted and which went into effect at the beginning of last session. The reason generally advanced for not naming the co-respondent is that he or she is unknown. That may sometimes be true, and when it seems to be true or is so proven the committee allows the petitioner to proceed with the case without serving the co-respondent.

For the information of those who are interested in this matter I may state that unopposed petitions are being listed for hearing at the rate of approximately 15 per day. As my honourable colleagues know, we are able to try that number daily by dividing the committee into subcommittees which hear the evidence and report to the general committee, which in turn reports to the Senate.

Unopposed cases will be heard from Monday through Friday for a two-week period commencing Monday, May 26. Commencing June 9, the hearing of unopposed petitions will be confined to Mondays and Fridays, and opposed cases will be heard on Tuesdays, Wednesdays and Thursdays.

I do appreciate the co-operation which I receive as chairman of the Divorce Committee. I have already expressed my gratitude to the honourable senator from Toronto-Spadina (Hon. Mr. Croll) for the work he has done as chairman of the committee which hears the opposed cases. He will be hearing opposed cases on Wednesdays and Thursdays, and I will likely hear them on Tuesdays. The assistance of Senator Croll has taken a heavy burden off my shoulders.

I have given the house some incidental facts which I thought might be of interest to my fellow senators.

REPORT OF COMMITTEE

Hon. Mr. Roebuck: Honourable senators, I trust I may be pardoned for taking so much time of the house. May I now give the first report of the Divorce Committee, which reads as follows:

1. Your committee recommend that their quorum be reduced to three members for all purposes, including the taking of evidence upon oath by the committee or any subcommittee as to the matters set forth in petitions for bills of divorce.

This has been a standing provision for the past three or four years. Only the subcommittees take advantage of a minimum quorum of three members; our general committee has always had many more than three members.

2. Your committee also recommend that leave be given them to sit during all adjournments of the Senate, and also during sittings of the Senate.

We are sorry to have to ask for that privilege, honourable senators.

3. Your committee further recommend that authority be granted for the appointment of as many subcommittees as deemed necessary by the committee for the purpose of hearing and inquiring into such petitions for divorce as may be referred to them by the Committee on Divorce, the subcommittee in each case to report their findings to the main committee.

The Clerk (Reading):

The Standing Committee on Divorce make their first report, as follows:

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Roebuck: With leave of the Senate I move, seconded by the Honourable Senator Gershaw, that the report be concurred in now.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate I move, seconded by the Honourable Senator Horner, that when the Senate adjourns today it do stand adjourned until eleven o'clock in the forenoon tomorrow.

Hon. Mr. Macdonald: Probably the Honourable Leader of the Government (Hon. Mr. Aseltine) will be good enough to explain what business we can expect tomorrow, and why we are adjourning now.

Hon. Mr. Aseltine: There does not seem to be much possibility of having the supply bill here this afternoon in time for us to deal with it in the way in which honourable senators would want to deal with it; so, rather than adjourn during pleasure and probably have to come back two or three times, and perhaps sit this evening, I have introduced this motion, which I hope will pass, to meet tomorrow morning. We expect that there will then be before us another bill as well, which is the second item on the order paper in the other chamber, providing for extension for a further period of unemployment insurance benefits. Benefits which have already been extended under this measure will expire tomorrow, and it is very necessary, I am informed, that the bill shall receive the attention of the Senate this week. We hope it will reach us in time to be considered tomorrow. As far as I know, these are the only two measures which are likely to come before us this week.

Hon. Mr. Euler: Can the Leader of the Government advise us of the date on which we shall return if we adjourn tomorrow?

Hon. Mr. Aseltine: I hope that we shall be able to adjourn tomorrow until Wednesday evening next, at which time the debate on the Speech from the Throne will be commenced, and the mover and seconder will speak. That is all the information I can give the honourable senator at this time.

Motion agreed to.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION ADOPTED

The Senate proceeded to consideration of the report of the Committee of Selection, which was presented yesterday.

Hon. Mr. White moved that the report be adopted.

Motion agreed to.

APPOINTMENT

Hon. Mr. Aseltine: Honourable senators, I would ask that we now revert to the Order of Motions so that I may present certain motions resulting from the adoption of the last report.

The Hon. the Speaker: Has the honourable Leader the consent of the Senate?

Hon. Senators: Agreed.

Hon. Mr. Aseltine, with leave of the Senate, moved:

That the senators mentioned in the second report of the Committee of Selection as having been chosen to serve on the several standing committees during the present session, be and they are hereby appointed to form part of and constitute the several committees with which their respective names appear in said report, to inquire into and report upon such matters as may be referred to them from time to time, and that the Committee on Standing Orders be authorized to send for persons, papers and records whenever required; and also that the Committee on Internal Economy and Contingent Accounts have power, without special reference by the Senate, to consider any matter affecting the internal economy of the Senate, and such Committee shall report the result of such consideration to the Senate for action.

Hon. Mr. Roebuck: Honourable senators, may I say a few words in connection with that part of the motion which proposes the giving of further authority to the Committee on Internal Economy and Contingent Accounts? I would like to suggest that this committee take into consideration certain statements that have been made in the Senate by my honourable friend from De la Durantaye (Hon. Mr. Pouliot), myself and others with regard to the Senate galleries. At the opening of the First Session of the Twenty-fourth Parliament on Monday a very large and interested crowd filled our restricted galleries, the Senate chamber itself and the space beyond the bar. It seems to me it is now time—I am repeating what I have said here on previous occasions—that the original architectural plan of the Senate

chamber should be completed and the galleries on both sides of the Senate opened. This would not entail a great expense, especially when it is considered that this is the very centre of legislation and that large numbers of people are interested in attending the ceremonies that take place here at the opening of Parliament and on other occasions. There is no reason why the galleries on each side of this house could not be opened. One incidental result would be the getting rid of some of—I was going to say these samples of art on the walls, but I am not sure that they are art.

Hon. Mr. Quinn: Some people might consider they are.

Hon. Mr. Roebuck: If the galleries were finished we would be sitting in a complete rather than an incomplete chamber. Aside from that is the fact that we have some responsibility to provide the public with the best possible accommodation. The work would not involve a large expenditure and would be thoroughly justified for the reasons I have outlined. I hope the committee on Internal Economy and Contingent Accounts will look into this matter and take the necessary steps to bring about the progress I suggest.

Motion agreed to.

PRINTING OF PARLIAMENT

JOINT COMMITTEE—SENATE MEMBERS

Hon. Mr. Aseltine, with leave of the Senate, moved:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable Senators Barbour, Blais, Bouffard, Bradette, Bradley, Choquette, Comeau, Davies, Euler, Isnor, McGrand, Nicol, Pearson, Savoie, Smith (Kamloops), Stambaugh, Thorvaldson, Turgeon and Wood, have been appointed a committee to superintend the printing of the Senate during the present session and to act on behalf of the Senate as members of a Joint Committee of both houses on the subject of the Printing of Parliament.

Motion agreed to.

RESTAURANT OF PARLIAMENT

JOINT COMMITTEE—SENATE MEMBERS

Hon. Mr. Aseltine, with leave of the Senate, moved:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Beaubien, Fergusson, Hodges, Howard, McLean and White, have been appointed a committee to assist the Honourable the Speaker in the direction of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as Members of a Joint Committee of both houses on the said Restaurant.

Motion agreed to.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—SENATE MEMBERS

Hon. Mr. Aseltine, with leave of the Senate, moved:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Aseltine, Cameron, Fergusson, Fournier, Gladstone, Gouin, Lambert, MacDonald (Queens), McDonald, Pouliot, Reid, Vien, Wall and Wilson, have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as Members of a Joint Committee of both houses on the said Library.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Thursday, May 15, 1958

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

APPROPRIATION BILL NO. 2, 1958

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-6, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1959.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: With leave of the Senate, I move the second reading now.

Hon. Mr. Reid: Is the bill going to be distributed?

Hon. Mr. Aseltine: It is in honourable senators' desks. I may say we had some difficulty in getting this bill here in printed form this morning. I understand that yesterday when it was being considered in the other place it was not available, but by doing a considerable amount of work in that direction we were able to have it here this morning.

Hon. Mr. Macdonald: Nice going.

Hon. Mr. Brunt: That's service.

Hon. Mr. Aseltine: I will do my best, honourable senators, to give a brief explanation of this measure, and later on I hope to be able to answer any questions that may be asked in connection with individual items.

Interim supply is an advance on account and the usual measure is brought in at the beginning of a session of Parliament providing for this advance.

If honourable senators will refer to the bill they will find that section 2 provides for an aggregate of one-sixth of all the items to be voted in the main estimates for the fiscal year 1958-1959; three-quarters of items 439, 443 and 502 of those estimates; one-half of items 111, 200, 362, 409 and 513; one-quarter of items 49, 148, 312 and 399; one-sixth of items 37, 94, 162, 297, 311, 368, 432, 446 and 447; and one-twelfth of items 65, 74, 90, 98, 153, 163, 179, 224, 229, 234, 242, 246, 264, 333, 364, 391, 401, 402, 431, 479 and 485. The total amount under this section is $626,292,380.09, which includes the amounts authorized for those items by the Governor General's warrants issued on April 9 and May 1, 1958.

May I say, honourable senators, that it is not unusual to ask for one-sixth of the estimates plus a larger portion of certain items. This was done in the years 1952-53, 1953-54, 1954-55, 1955-56 and 1956-57. For some items it is necessary to have a portion in addition to the one-sixth because the Government has to keep its bills paid up. Having entered into certain contracts, it has to make certain payments so that those who are carrying out the contracts can pay their bills and keep people employed. If necessary, I am prepared to go into all these items later on. I have here quite a comprehensive brief dealing with each of these additional or "plus" items I have mentioned. But I will leave this for the moment and go to section 3.

This clause provides that the amount authorized to be paid in respect of each item may be paid only for the purposes specified in the item, and that the authority given by the wording of an item in this bill is valid to the limit, but only to the limit, of the amount provided for it in the bill.

Section 4 provides that contracts which were entered into before the estimates were tabled are confirmed. It is necessary, honourable senators, for the carrying on of public business, that the Government shall enter into contracts from time to time, and it is in respect of these contracts that this clause applies. Similar action was taken in 1926 and 1940. It was necessary at that time, and is necessary this year, even though estimates have not been tabled, because conditions arose which resulted in two general elections in one year.

Section 5 contains the usual authority to borrow up to $1 billion during 1958-59. In that connection I should like to give honourable senators some information. Each year the supply bills contain new authority to borrow money by means of the issue of Canadian savings and other bonds and treasury bills. From 1952-53 through 1954-55 authority to borrow up to $500 million was granted annually. In 1955-56 the limit was raised to $1 billion. In 1956-57 it was raised to $1,500,000,000. Last year it was $1 billion. The amount of $1 billion requested in this bill is required to meet the issue of Canadian savings bonds and other market obligations in 1958. Canadian savings bonds issued in 1957 total approximately $1,170,000,000. By granting a general proportion of one-sixth it is expected that all necessary requirements of the public service will be

provided for up to the end of May. This supply bill covers only April and May, and a new supply bill will have to be brought in early in June to cover that month or the next two months.

In no instance is the total amount of any item being released. I would like to advise honourable senators that the form of the bill is similar in most respects to that of appropriation bills passed in previous years. The provisions in new section 3 set out in definite terms for the first time the principles which have been accepted and acted upon down through the years.

Section 4 of the bill is required to ratify certain contracts that had to be entered into and actions that had to be taken by the Government before estimates could be tabled, in order to ensure that essential services and programs did not falter during the six weeks of the current fiscal year.

The passing of this bill will not prejudice or interfere in any respect with the rights and privileges of honourable members to criticize any item in the estimates when they come before us for consideration. In other words, the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any manner whatsoever as a result of the passing of this measure.

Honourable senators, that is a brief explanation of the bill. I have in my hand here full details relating to schedules A, B, C, D and E, and if information is required as to any items therein I shall do my best to give it.

Hon. W. Ross Macdonald: Honourable senators, first of all I wish to compliment my honourable friend (Hon. Mr. Aseltine) on his very clear explanation of this bill, the first he has presented to the house since assuming his important role as Leader of the Government in the Senate. I am sure we are all pleased with the manner in which he made this presentation, and we shall look forward to similar presentations in the years to come.

I do not propose to ask many questions, but there are some observations I should like to make. The leader referred to the fact that the bill includes an expenditure that has already been made during this fiscal year under the authority of warrants issued by the Governor General, in the amount of $303,560,195. Well, that amount has been spent between April 1 and May 15, and there is very little we can do about it now—it is gone, and we have no say in it. That is not the only amount that has gone in that manner. Parliament was dissolved at the end of last January, and the estimates for the fiscal year 1957-58 has not been approved by this house. It is true that we had passed, I believe, five interim supply bills, but on each occasion we reserved our right to criticize or ask for further information regarding the items included in the interim supply bill. By voting for those bills we did not approve of the expenditures; all we did was to put funds in the hands of the Government so that it could pay current bills. And so far as the bill now before us is concerned, we are not approving of the expenditures for which it provides, but we realize that the Government must make certain payments by the end of May and we are prepared to advance the necessary money to the Government. However, as I say, we certainly are not approving of these expenditures; we are just putting the Government in funds.

In going back to the fiscal year 1957-58, I find we passed five interim supply bills, which provided for funds to the extent of ten-twelfths of most of the items and eleven-twelfths of some. I merely point that out to impress upon honourable senators that money has been spent by the Government without the approval of Parliament. Again, before Parliament was convened and was not in session, another considerable sum of money—the amount that I mentioned, some $303 million—was spent without the approval of Parliament. I suppose by passing the bill before us today we do approve that expenditure; but there is nothing we can do about it—it has gone.

Honourable senators, yesterday afternoon the Leader of the Government (Hon. Mr. Aseltine) tabled in the house the estimates for the fiscal year ending March 31, 1959. We have just had a chance to glance at these estimates since they were tabled, and I am sure we were all astounded to learn the total amount the Governmnt proposes to spend during the fiscal year upon which we have now entered. On page 3 of the estimates it will be observed that the total estimated expenditures for this year are $5,179,343,555, and this amount does not include old age pension payments of $555 million. When that figure is added to the estimates which have been tabled in this house, the total proposed expenditure is $5,734,343,555. That is an increase of $318 million over the total expenditures of last year. I said "total expenditures", but of course no honourable senator has sat in this house during any year when there has not been at least one supplementary estimate presented. I believe that last year there were at least three supplementary estimates, and probably there will be three this year.

I also wish to point out that these estimates do not include any expenditure on the South Saskatchewan River project, or the proposed railway to the Great Slave Lake, or the proposed highways to the far north; nor do they include very important, and probably very large, expenditure for the federal Government's share of the National Hospital Plan, which is to come into effect in some provinces on July 1 this year. So during the current financial year we shall spend probably $6 billion, the largest annual federal expenditure ever made in Canada.

The present Government, which has been in power for less than a year, has become the most fabulous spender of public funds of any government that has ever administered the affairs of our country; and if the bill before us is a simple bill, its simplicity consists only in its enormousness. I well remember when this Government was in opposition, how it was going to reduce expenditures. The claim was that a large sum—$500 million, I believe—could easily be chopped off. Well, the Government finds it is a little harder to put into practice what it was preaching when in opposition, and instead of there being a reduction of $500 million, there is an increase of at least $500 million over last year; in fact, the increase over last year is nearer $1 billion than $500 million. On pages 2 and 3 of the estimates it will be observed that there are only four departments in which there has been any considerable reduction: Citizenship and Immigration, a reduction of $1,054,000; Defence Production, a reduction of $1,772,000; National Defence, a reduction of $6,800,000; and in the Department of Transport, for the Canadian Maritime Commission, a reduction of $242,900. In every other department there has been an increase.

Well, honourable senators, I suppose the country is getting larger—there are more people here and more demands are being made on the treasury. As to how the money is to be raised, no proposal has yet been presented to the house, and I would not expect it. We were all disappointed last year that there was not a budget, but we won't be disappointed this year.

Hon. Mr. Aseltine: I assure the honourable senator there will be one this year.

Hon. Mr. Macdonald: We know there will be a budget this year. How the money is to be found I do not know, but we look forward with great interest to learning this. And of course, honourable senators, that raises a very important question as to whether we are going into a period of budgeting for deficits, whether we are entering into a period of inflation. But I will not take the time of the house now to go into those matters. They present very serious problems and I have no doubt that the Government itself is greatly concerned about them.

Honourable senators, I have read the bill carefully and of course I will vote for it. As the honourable leader (Hon. Mr. Aseltine) has said, it is similar in form to other interim supply bills that have been presented to us. This bill, I think, is some improvement on former bills, in that clause 2 sets forth the extent of the expenditures more clearly than previous bills did. I have one of the previous bills before me and in it there was one clause covering items for which one-twelfth of their total was being asked. There was another clause applying to items for which we were asked to vote one-sixth of their total, and so forth. There were nine such clauses in that bill, but in the present bill all the proportions of the various items to be voted are set out more clearly in one clause, namely, clause 2.

I was interested in the remarks of the Leader of the Government with respect to clause 3. If honourable senators will refer to the bill they will notice that this clause reads:

> 3. The amount authorized by this act to be paid or applied in respect of an item may be paid or applied only for the purposes and subject to any terms and conditions specified in the item, and the payment or application of any amount pursuant to the item has such operation and effect as may be stated or described therein.

That clause never appeared previously in an Appropriation Bill. I would like to know from the honourable Leader of the Government why it is found necessary to put the clause in this bill. Have moneys been improperly expended in the past? Is not that covered by a provision of the Financial Administration Act?

If honourable senators will notice the bill again they will see that clause 6 reads:

> 6. Amounts paid or applied under the authority of this act shall be accounted for in the Public Accounts in accordance with section 64 of the Financial Administration Act.

There was a similar clause in previous bills. I do not recall that we ever used funds for a purpose other than that for which they were provided.

Another unusual clause in the bill is clause 4. It provides that contracts entered into after the 31st of March 1958 but before the 13th of May 1958 for any of the purposes specified in any of the items set forth in those estimates are hereby ratified and confirmed. So by passing this bill we approve of whatever contracts the Government has entered into between the 31st of March and the 13th of May. I am going to ask the Leader of the Government if he is going to table

those contracts? Do we know what the contracts contain? However, I am not going to ask the Leader of the Government to hold up the bill today.

Hon. Mr. Aseltine: I think those are in the estimates now. They are contracts which were made before the estimates were brought down. The same thing was done in previous years, as I explained in my remarks a few minutes ago.

Hon. Mr. Macdonald: They were not in any interim supply bills that were passed last year, and I do not recall them appearing in any interim supply bill. I think the Leader of the Government said that it was in an Interim Supply Bill in 1926.

Hon. Mr. Aseltine: In 1926 and 1940, when it was impossible to bring down the estimates on account of circumstances which prevailed at the time. But they were included in the estimates when the estimates were brought down.

Hon. Mr. Macdonald: I have looked through the estimates and cannot get any information there about any contracts that were entered into between the 31st of March and the 13th of May. The honourable leader refers to the years 1926 and 1940. I have not read Hansard of those years, and it is possible that the then leader gave the house some information about the contracts of that time. I do not know. But we have no information about the contracts referred to in clause 4 of this bill, so by approving of them we shall be voting blindly. However, as I said, I am not going to ask that the bill be held up in order that we may obtain the information. When the Leader of the Government brings down the next interim supply bill he may be able to enlighten us with respect to these contracts.

Clause 5 gives the Governor in Council power to raise a loan of $1 billion for public works and general purposes. The honourable Leader of the Government said it is usual to pass a supply bill containing that or a similar clause. I have some recollection of such a clause, but I am not clear on it. However, I have looked up interim supply bills passed by this house at the last session, and I do not see a similar clause. Is it suggested that this clause was previously set forth by itself in a separate bill? Certainly, it is unusual to have such a clause in a bill of this nature. Probably the leader can give us some further information on it.

Honourable senators, I have no further remarks to make on the bill. As I said in my opening remarks, the purpose of the bill is largely to put the Government in funds to pay its bills which must be paid, up to the end of this month. At the end of this month we will doubtless receive another interim supply bill to put the Government in funds to make another payment.

Hon. Mr. Aseltine: Honourable senators, may I deal first with the question of contracts? I believe the Government has no objection whatever to tabling the contracts, though I do not know how much effort it would take to pile them on the table, as there may be a large number of them.

Hon. Mr. Macdonald: Probably we might have a summary of them.

Hon. Mr. Aseltine: I will look into that matter further, honourable senators.

I think it will be found that a clause similar to clause 5 appeared in the second Appropriation Bill last year.

Hon. Mr. Macdonald: Maybe.

Hon. Mr. Aseltine: Probably such a clause was not in the first supply bill.

With regard to section 3, may I repeat what I said earlier, that the provisions of this new section describe in definite terms for the first time the principles that have been accepted and acted upon during the years. The section is just a safeguard, but I think it is important and should be there.

Hon. Arthur W. Roebuck: Honourable senators, we are considering a motion for supply and, as I understand it, I am in order in making some general remarks regarding some of the matters referred to in the bill. For instance, I see it appropriates some money for the Department of Labour, and that brings up almost everything that has recently taken place in connection with labour. We have just gone through an important strike on one of the railways. As that strike has been settled, the differences between the parties is a thing of the past, and I am not particularly concerned with it. What I am concerned with at the moment is the position of John Q. Public in connection with these matters.

The Canadian Pacific Railway seems to have won the strike, so far as the men are concerned, but, so far as I know, no attention has been paid by the Prime Minister or by the Minister of Labour to the effect of this settlement on the general public and the safety of the travelling public.

I happened to have sat as a member of the Board of Conciliation which heard the evidence in connection with these matters over a period of about three weeks. We heard no less than 50 witnesses. In that connection, of course, I learned something of the matters in issue, and I made a report in which I considered the interests of the public as well as those of the two contesting parties. I would like now to call to the attention of

the house something that I said in that report, because so very little publicity was given to anything said for the public or for the firemen. I congratulate the C.P.R. on the effectiveness of its propaganda. Different persons have said to me that the firemen seemed to have no case at all, and from reading the newspapers or listening to the radio one would come to that conclusion. However, I fancy there is no one in this house so simple or naive as to believe that one side of a great argument of this nature had no case at all.

As I say, I am not arguing the case for one side or the other of the contest. What I am disturbed about at the moment is the interest of the public. Perhaps one or two paragraphs in my report to the Minister of Labour may be of interest to my colleagues. This of course is now a public document. I said:

> Through the courtesy of counsel for the Canadian Pacific Railway, the members of the board were permitted to visit the railway yards at Ottawa and to there observe an actual switching operation with diesel locomotives. I actually sat in the engineer's seat and peered through the window through which he keeps his look-out. On the engineer's left is a great square box housing the diesel engine which towers two feet or more above his head and extends forward some thirty feet. With the exception of what little he can see at right angles through the fireman's side window, the whole left-hand forward view is blank, and when the cab is followed by a passenger or box car the same may be said of the left-hand rear view: it is blank. The engineer can, of course, look forward as well as to the right but, obviously with the 30-foot wall obstructing his left-hand vision, the track is lost to his view whenever the track curves to the left. The same conditions reversed confront the fireman on the left side of the cab, and he can see nothing of the track ahead when the road swings to the right.
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> It is plainly obvious that such locomotives are designed for two-man operation. That a one-man drive was never contemplated by the producers of these machines is made clear by the fact that to look through the fireman's front-view window, the engineer must abandon all his controls. He cannot reach the throttle or the brake while he is on the fireman's side. This is a condition which no sane engineer would contemplate while the locomotive is in motion. There was some talk of installing dual controls, but this is purely prospective as none are as yet available on the diesels of the Canadian Pacific Railway or of any other railway so far as I know.
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> Nevertheless, the company proposes removing the fireman, if they are permitted to do so, and to attempt to avoid the perils of one-man operation and running blind by an alteration in the rules requiring the switching crew in yard service to do the watching from their positions on the ground. There are three men in a switching crew, one of whom is to be the engine follower. They are to work on the right side of the engine at all times so that they can give signalled orders directly to the engineer and they are to be responsible for what occurs on the left side of the train, which they cannot see, as well as for conditions on the right side, which they can see, except when the train is rounding a left-hand curve. Under these conditions the engine follower is to ride on what used to be called the cowcatcher of steam locomotives.
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> In all switching yards there are one or more lead tracks off which other tracks radiate. Groups of cars are sorted by running the train back and forth on the lead track and shunting cars down the radial tracks to be later picked up and assembled in desired order. These radial tracks may branch off to either the right or left. When they join the lead track on the left side of the train they are within the range of vision of the fireman and not of the engineer. Were the fireman removed, a movement on a left-hand radial track could occur unobserved by those on the right side of the train including both engineer and ground crew, and a collision result.

That is what I wrote about yard switching where there is no head-end brakeman, and only two men ride on the locomotive. It is now proposed to run the locomotive blind in that way with one man on the right-hand side. These diesel engines were designed for a two-man operation. This is only one condition which I pointed out, and which in my opinion is dangerous to the public.

I now call attention to the fact that a mere settlement betweeen the contending parties such as has now taken place is not a settlement so far as the public is concerned. The public was not represented and was not heard. I hold the Government responsible for what may occur, should the railway carry out its intention to run locomotives blind in yard service.

Hon. Mr. Aseltine: Why hold the Government responsible?

Hon. Mr. Roebuck: Because the Government took part in the negotiations and made no arrangement to protect the public. The Government is responsible for such major changes. The Board of Transport Commissioners are responsible, and they in turn are responsible to the Government. If there is a dangerous condition—and I contend there is—the authorities in charge of affairs should take notice of it, and see that the public is properly protected.

Hon. Mr. Lambert: May I ask the honourable senator if the Board of Transport Commissioners, on the basis of a stated case, taking into consideration the dangers which have been enumerated here, would be competent to rule that added staff be provided for?

Hon. Mr. Roebuck: Yes. If someone would take a stated case to the Board of Transport Commissioners it would bring this matter before them, and something of that nature should be done. The matter could be referred to the Board of Transport Commissioners by the cabinet. I know of no other way of bringing it before the board, other than by

a stated case being brought by someone who takes the initiative on the part of the Government or the Department of Labour.

Hon. Mr. Lambert: Is it not possible for the labour representatives themselves to bring a case before the Board of Transport Commissioners?

Hon. Mr. Roebuck: Why should the labour representatives bring such a case? Labour has already spent large sums of money defending its rights. It is no more responsible for the public safety than you or I. I have some responsibility; that is why I rise in my place today on a supply bill in order to bring this matter to public notice. All of us, I think, are in some degree responsible, and certainly the Department of Labour is responsible.

Hon. Mr. Brunt: Would the honourable senator permit one question?

Hon. Mr. Roebuck: Certainly.

Hon. Mr. Brunt: Does the honourable senator advocate that the Government shall step in, cancel and set aside the settlement which was made in Montreal last Monday evening? No Government representative was present when this settlement was made. Is the honourable senator now urging that this agreement, which was reached by the firemen's union and the Canadian Pacific Railway Company be set aside and cancelled?

Hon. Mr. Roebuck: How anybody could draw such a conclusion from my words I don't know.

Hon. Mr. Brunt: Well, the honourable senator blames the Government.

Hon. Mr. Roebuck: I said in my opening remarks that the contest between these parties was a thing of the past; it has been settled. But the problem as it affects the public is still open, and public danger and protection are matters of Government responsibility. I am not suggesting a cancellation of the settlement. The parties have agreed between themselves, and I am not touching on that subject at all. We are not concerned with their interests; they can take care of themselves. All I am talking about is John Q. Public, whose interest was not represented, except incidentally, either before the commission or the board of conciliation. The public interest was used as an argument only, and now I am calling attention to this most important question. If I may be permitted, I will read a further portion of my report:

> There are few workers in the industrial life of Canada who bear so terrible a responsibility as that of the locomotive engineer in charge of a modern train. I know, for I have defended engineers charged with manslaughter for having overlooked a meet or miscalculating the time of arrival of an oncoming train. The engineer of a freight train in road service is furnished with a timetable of approaching trains, from which, as varied by dispatchers' advices, he plots his own progress from one passing track to another. There may be several trains approaching each of which has right of way superior to his own, and all of which may be on schedules varied by dispatchers' orders. He is required to dodge from station to station, letting these superior trains go by, and he is expected to make time. In addition, he watches the track ahead, observes the whistle posts, and the various train signals, while he supervises the mechanical operation of his big machine, which is not always in perfect mechanical condition; all this while he actually operates the locomotive with his foot on the throttle and his hand on the brake, as engineman in road service.

It is a major change that is being proposed, and all I am doing is calling the attention of the authorities whom I hold responsible for public safety to what is going on, and saying that we of this chamber, so far as I can speak for us all, will hold the authorities responsible for any increase in the number of deaths on our tracks. Too many people are killed at level crossings. Too many accidents occur in yard service, where the staff of the train are required to cross the tracks, where there are actual roads across the tracks, and where people, including children, are frequently to be found. The service is a dangerous one, and to put such a locomotive under the operation of one man is, I think, a very doubtful procedure. As to what action should be taken I am not now ready to say, but the proper action should be taken, and by the Department of Labour or the Government itself. I call their attention to this condition, and I shall personally hold them responsible for the results.

Hon. Mr. Haig: May I ask the honourable senator whether his report, with others, was not submitted to the royal commission, composed of judges, who reviewed this matter?

Hon. Mr. Roebuck: Oh, I don't know whether or not they did me the honour of reading my report. How can I tell that? Nor do I know what evidence was presented to them. All I do know is that they made a report, which I have read, and with which —as I have the right to do—I disagree. It is true that I was in the minority, but I am frequently in that position, and it does not greatly disturb me. However, I have not changed my views with regard to the interests of the public in this regard because of the reports made by the other jurists.

Hon. Jean-François Pouliot: Honourable senators, our honourable colleague from Toronto-Trinity (Hon. Mr. Roebuck) has said something with which everybody must agree—that the number of railway accidents, especially at crossings, is quite disturbing. But one may not forget that the railroads

have the right of way on their tracks, and that most of these accidents are due to the negligence of automobile drivers. There cannot be too many notices put at crossings in order to warn motorists to be very careful, when they come to a place of this kind, to stop their cars and so avoid accidents which may be fatal, not only to themselves, but to those who ride with them. On this matter everybody is in agreement. Indeed it is impossible to disagree, and it is easy to admit that the federal Government, as well as all the provincial Governments, are taking every opportunity of telling motorists to be especially careful when they come to a railway crossing. This point is not contentious; we all agree with it, and we deplore the numerous fatalities which occur every year, and which should be reduced to the strict minimum.

As regards the strike to which the honourable senator has referred, there are several other points which should be considered. There was a royal commission which included three judges, one of them, Mr. Justice Kellock, then a member of the Supreme Court of Canada. I have the highest regard for the bench. As my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) pointed out last year, our judges deserve the respect of all, even when we disagree with them. And on that occasion my honourable friend, after having enunciated that principle in a broad manner, blamed me for differing with the judges. I understand very well that the judges are far from being infallible, and whether it is a justice of the peace or a judge of the Supreme Court it makes no difference. It is human to err, and perhaps today my honourable friend was right. Perhaps his contention is well-founded, better founded than that of Mr. Justice Kellock. It is in the domain of possibility.

But if my honourable colleagues are interested in the conditions of railway employees, they cannot be any more interested than I was for 31 years when I represented 800 railway employees who were working in the shops at Rivière du Loup, and on trains running from there to Campbellton and to Charny. I had a great affection for them and when they were in trouble they used to come to see me, just as many people go to see their member of Parliament. They would say, "Jean-François, we have come to you because the union will do nothing for us." They would tell me their troubles and I would sympathize with them and go to Moncton, Montreal and Toronto to discuss matters with officials of the Canadian National Railway. Often did I encounter difficulty with regard to their seniority. There were only chairmen at Rivière du Loup, and I had many arguments with the general chairmen who were at Moncton. They were very greedy for themselves, their relatives and friends, and everything had to go to them. When the Rivière du Loup erecting shop was closed, it was at first impossible to come to an understanding with the general chairmen at Moncton. I took the matter up with Mr. Smith of Montreal, a very nice gentleman, who seemed to realize that I was right, but he could not tell me so because he was a high officer of the union. Then I came to Ottawa to see Mr. Bengough, who was the head of the Trades and Labour Congress of Canada. He listened to me with attention and seemed to be sympathetic, but I had to wait until I got in touch with Mr. Meany in Washington. Then, with the assistance of Mr. Gregg, who was Minister of Labour, I succeeded in having a better treatment for my constituents.

My honourable friend from Toronto-Trinity knows that he could not represent any member of a railway union in any investigation where that member's fate was at stake. We are not allowed by the unions to represent them as solicitors and attorneys, and my friend knows that. They don't want us. They prefer to do their business alone, and it happens that railway employees are often represented by fellow employees who do not know anything about their case. Statements may be signed blindly by the employees concerned; these people are left in the hands of the railway superintendent or the investigator, who has a right of life or death over them.

It is the duty of a member of Parliament to take care of railway employees who are not protected and looked after by the unions to which they have contributed large sums of money from their salaries every month, as a union fee.

When the strike of 1950 came I was called by the strikers themselves to speak. I told them, "Gentlemen, how many times have I had to fight the leaders of your unions in order to protect your rights and to protect you yourselves?" And then some of them said, "That is true, Jean-François." It was one of the greatest tributes ever paid me. But I have seldom been impressed by the railway unions with whom I had to deal quite often. How many times have employees been criticized for going to their members of Parliament to get some help and protection?

With regard to the last railway strike, my honourable friend is inspired by worthy motives in saying that he wants to protect human lives by having two men, an engineer and a fireman, in the cabs of locomotives in the yards and on the freight trains. He may

be right. I do not say he is wrong, but the matter has been considered by a judge of the Supreme Court of Canada, the highest tribunal in the country. My friend has reached a conclusion different from that of the judge. Now, I am sure that my honourable colleague drives his car well. He has no footman sitting next to him when he drives—

Hon. Mr. Roebuck: I can see out both sides of my car.

Hon. Mr. Pouliot: Yes, I know, and my honourable friend can see all around him with a good mirror in front of him. The engineers can see very well too. When they go backwards it takes special care, but what is important for an engineer, especially on a single track, is to see ahead of him. He has to see behind him only when he goes backwards. When he goes ahead his vision is clear and he can see any other locomotive coming towards him. The only thing he may not see is an automobile coming across the track. Sometimes automobiles are hidden from his view by shrubbery, trees, a fence, a house and so on. If automobile drivers were as careful at the wheel as the locomotive engineers are at the throttle, there would be very few accidents at railway crossings.

At first I was opposed to diesel locomotives, for many reasons which I have given to the Railways and Shipping Committee of the other house, but I did not have the support of the union leaders who wear a big gold chain, smoke a big cigar and receive a salary often higher than that of the Prime Minister of Canada.

Honourable senators, I do not want to be called unfair or unjust to the cause of labour, but I do not believe union leaders are infallible. Moreover, I was rather indignant when I heard that a Mr. Gilbert of Cleveland ordered Canadian railway men to go on strike. How is it that the union is in the hands of an American citizen across the boundary, giving orders to Canadians, orders that cannot be controlled by anyone, neither by a minister of labour nor anybody else, until labour legislation is amended to provide for all-Canadian unions? I find it absurd that the railway men of Canada received their directions from a gentleman they never met—the big head of the union who is maintained there on account of the trips enjoyed by a few employees who attend the conventions. I hope the day will come before my political career is over when the Canadian union will not be run by American citizens, worthy or not of that honour.

Now that the strike is over, it is to be hoped that the matter will be considered closed. The Canadian Pacific Railway and Canadian National Railways are making sacrifices in order to give the best possible service. One has only to look at the timetables for trains running between this capital city of Ottawa and any other point in Canada to see that I am not exaggerating. It is easy for anyone to say that he is for the men and that they are unjustly treated by the management of either railway system. Sometimes they may be, but when I feel in my heart that they are unjustly treated I will rise from my place in the Senate to defend them. But in this case the president and management of the C.P.R. have acted as a good family father. And why did the president have to come to that conclusion to remove one man from the cab? It was precisely on account of the exaggerated demands of the labour unions in order to justify their existence. Are they not responsible to a large extent for what is called inflation? They never miss an opportunity to tell how indispensable they are. Whether one agrees or not with my views, I have known railway employees for a long time, and I can say that those I met during the strike were nearly all opposed to it, and if there was a free vote of confidence among the employees the union leaders would have very little power and authority.

Once I told the late Honourable Humphrey Mitchell, at the time of the Detroit strike, "You should speak to the men above the heads of the union leaders". A year afterwards he said to me, "What we should do in railway strikes, and all other strikes, and to prevent them, is to speak to the men above the heads of the union leaders".

Hon. John J. Connolly: Honourable senators, I rise not to protract this branch of the debate, but principally because I think we may all be concerned with one phase of the remarks that have been made by my good and honourable friend from Toronto-Trinity (Hon. Mr. Roebuck). I refer particularly to his remarks about the position of the public in the light of the settlement of the strike against the Canadian Pacific Railway. As members of this chamber, indeed as members of Parliament, we are all vitally interested in the protection of the public as far as we can be. I think perhaps we should stop and consider whether or not the honourable gentleman was warranted in going as far as he did in the remarks he made. I realize that he did sit upon the board of conciliation. I realize also that very few people in Parliament have an understanding of the details of this issue to compare with his own. That board of conciliation was followed by the stoppage of the trains in January of 1957,

if I recall rightly, after which the Government of the day was faced with the problem of what was happening to the economy while the strike went on. As a result of considerable effort, and after a good many days of work, a royal commission was set up. Now, the Government need not have set up that royal commission. Perhaps the matter could have been referred to a single judge or to a different kind of board. The matter might even have been referred to the Board of Transport Commissioners, which deals with matters of this kind.

However, a royal commission was set up—and I believe it was after agreement between both of the parties that the Government took that step. The members of that royal commission were a judge of the Supreme Court of Canada, then Mr. Justice Kellock; a judge of the Court of Appeal of the province of Quebec, Mr. Justice Jean Martineau; and the Chief Justice of the Trial Division in the Supreme Court of Alberta, Mr. Justice Colin Campbell McLaurin. I think it can be said that this was a fair and impartial body, a body that was ready to look into this serious problem without any sense of partiality at all. They were men who were accustomed to considering problems of this kind in a judicial way.

Both parties appeared before that royal commission, called any witnesses they cared to call and argued fully. I understand that the commission not only examined conditions in this country on the ground, but travelled to other countries, including some in Europe. Just how many countries it visited I do not know.

As I say, that investigation might have been undertaken by the Board of Transport Commissioners, but in view of the volume of work that board has to do every year, it seems to me that it was much more sensible to appoint an independent royal commission which would devote its entire time to this very important problem. It is important not only to railways, I should say, but to other branches of industry. It may recur many times because of this whole problem of automation.

The commission sat for many months. Its report, which was published some weeks ago, was unanimous. After an investigation of that kind it seems to me that members of Parliament and indeed members of the general public should feel that the public interest has been served, and that the conclusions which the commission reached unanimously are entitled to public acceptance.

Without being critical, I think perhaps my honourable friend from Toronto-Trinity rather weakened his case when he referred to the propaganda activity of the railway. I repeat, I do not say this critically, for I am aware of the high sense of public responsibility that he has. But in my opinion the company was justified, as it seems to me the general public and many honourable members of this chamber were justified, in feeling that the conclusions of that royal commission should be accepted. Moreover, I think this should be said on behalf of the company, that while it continued through the last negotiations to reaffirm the principles embodied in the commission's report, it nevertheless retreated to the extent of helping a good many employees, over 400 I believe, to retain seniority rights that they had built up within their own union and in their own trade. I suggest it speaks very well for management and for that particular management that this was done. I rise today only to say that while I realize that the honourable gentleman's remarks, as he quoted them from his own report of the conciliation board, reflected the kind of finding that he honestly and sincerely felt should have been made, I believe we all are justified in relying upon the later conclusions of the royal commission in the light of the circumstances which developed since the time the conciliation board reported.

Hon. Mr. Roebuck: Honourable senators, may I, as a matter of privilege, say I did not blame the honourable senator from De la Durantaye (Hon. Mr. Pouliot) for differing with the judges. What I said was that his differing was a matter of importance. I said, moreover, that he had a perfect right to differ.

Motion agreed to and bill read second time.

THIRD READING

Hon. Mr. Aseltine: With leave of the Senate, I move the third reading of the bill.

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

PETITION FOR PRIVATE BILL

MERCANTILE AND GENERAL REINSURANCE COMPANY OF CANADA LIMITED

Hon. William R. Brunt: Honourable senators, I have the honour to present a petition from The Mercantile and General Reinsurance Company of Canada Limited praying for the passing of an act increasing the capital stock of this company.

Hon. Mr. Roebuck: Explain.

Hon. Mr. Brunt: Briefly, what the company wants to do is to increase its capitalization from $1 million to $5 million. This has been made necessary for two reasons. First, companies that have been writing fire and

casualty insurance have suffered some terrific losses, and this company feels that as a result it should increase its capitalization. Secondly, its business has been growing year by year and it considers that it will require additional capital in order to carry on in the future.

Hon. Mr. Roebuck: Thank you.

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, as I mentioned yesterday, there is another bill which will likely reach us this afternoon. The resolution was introduced in the other house last evening.

Hon. Mr. Macdonald: That is for an extension of unemployment insurance benefits?

Hon. Mr. Aseltine: Yes, an extension of benefits under the Unemployment Insurance Act for a further period. I do not know exactly when that bill will be passed in the other house, but the Government is anxious to have it passed and receive Royal Assent along with the Appropriation Bill later today. Certaintly, the bill will not reach us before 3 o'clock this afternoon, because the other house does not sit until 2.30 p.m.

Hon. Mr. Macdonald: Does it not sit on Thursday morning?

Hon. Mr. Aseltine: It does during the debate on the Speech from the Throne, but that debate has been postponed to allow these bills to go through.

I would suggest, honourable senators, that we adjourn during pleasure, to reassemble at the call of the bell at approximately 4 p.m.

The Senate adjourned during pleasure.

At 4 p.m. the sitting was resumed.

Hon. Mr. Aseltine: Honourable senators, apparently my optimism was misplaced, or too great, because in the other chamber, from which I have just returned, they are still on the resolution stage of the bill to Amend the Unempolyment Insurance Act. I would therefore suggest that this chamber now rise, to meet again at eight o'clock this evening.

Hon. Mr. Reid: You are still optimistic!

The Senate adjourned during pleasure.

At 8.50 p.m. the sitting was resumed.

Hon. Mr. Aseltine: Honourable senators, I must apologize that the proceedings of the Senate have been held up, but owing to printing difficulties and other matters over which I have absolutely no control the Unemployment Insurance Bill was not proceeded with in the House of Commons until 8 o'clock. However, I understand it has now been passed there and will be introduced in this house tonight.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-9, for the temporary extension of seasonal benefit periods under the Unemployment Insurance Act.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: Honourable senators, with leave of the Senate I move that this bill be read the second time now.

Hon. Mr. Macdonald: Have copies of the bill been distributed?

Hon. William R. Brunt: I think that only 100 copies were printed, and after the bill was passed in the other chamber we sent two employees to gather them up and bring them over here. We thought we had enough for every honourable senator. Here is my copy of the bill, if anyone wants it.

Hon. Mr. Connolly (Ottawa West): There is no shortage of money for their printing, is there?

Hon. Mr. Brunt: No. Is there any honourable senator on the other side of the house who has not received a copy of the bill? If there is, we will try to gather copies from our side and send them over.

Hon. Mr. Macdonald: I suppose senators on your own side also are interested to know what is in the bill.

Hon. Mr. Brunt: Honourable senators, this bill is entitled an act for the temporary extension of seasonal benefit periods under the Unemployment Insurance Act. At the outset I think I should point out that if the bill passes and becomes an act of Parliament it will be in effect only from the 18th of May 1958 to the 28th day of June 1958.

At the present time two classes of persons are entitled to receive benefits under the Unemployment Insurance Act. Firstly, there are those persons who are entitled to receive what are called regular benefits. They are people who are steadily employed and who may periodically become unemployed. They draw employment insurance benefits during that time, and when their jobs open up again they go back to work. This bill does not apply to those people, but rather it applies

to the second class, which consists solely of those persons who are entitled to receive what are called seasonal benefits.

Of those who are entitled to receive seasonal benefits there are two classes. The first class consists of persons as described and defined in paragraph (a) of section 50, as dealt with in the explanatory notes: in other words, persons who have had at least 15 contribution weeks subsequent to the most recent Saturday preceding the 31st day of March immediately before the day on which they make their claims. The second class is clearly defined by paragraph (b) of section 50 under the explanatory notes. They are persons whose most recent benefit periods terminated after the week in which fell the 15th day of May immediately preceding the day on which they make their claim. As an example, let us suppose that a seasonal worker is entitled to receive unemployment benefits at say $30 a week—which is the top figure—for a period of 20 weeks. Under the present legislation his benefit would end on the 17th day of May 1958, even though he had not drawn his unemployment insurance at the rate of $30 for 20 weeks. Such a worker might have drawn his benefit for only ten weeks. Under the bill he will be entitled to draw unemployment insurance benefits at the rate of $30 a week up to six weeks, but in no event beyond the 28th day of June 1958. The bill provides for such a worker a maximum extension of six weeks during which he can draw his benefits, provided he has sufficient credit in the fund so that the six weeks' payments can be made to him. If he has not a sufficient credit in the fund to make the payment for six weeks his payments will have to stop when his credit is used up. The bill does not allow any worker, whether of the permanent class or the seasonal class, to withdraw money from the fund unless he has a credit there. He cannot create an overdraft—that would not do, but the bill does allow him to draw up to the amount of his credit in the fund.

I think everyone will agree that this is a most necessary and fair extension of the benefits to which a worker is entitled under the Unemployment Insurance Act.

Hon. Mr. Barbour: What is the meaning of the term "credit in the fund"?

Hon. Mr. Brunt: Well, each week that a worker works he receives a credit in the fund and it keeps building up for him, and under this bill once he has been unemployed for a sufficient length of time to withdraw his credit from the fund and has used up his credit, then his unemployment insurance benefit expires.

Hon. Mr. Barbour: Is everyone entitled to the same amount?

Hon. Mr. Brunt: No. There are different classes, depending upon the amount of money the worker earns each week. Indeed, the $30 payment is the maximum amount anyone can receive out of the fund.

Hon. Mr. Hawkins: Can the honourable gentleman tell me why, if a worker has a credit in the fund, there is any need for a special act?

Hon. Mr. Brunt: No, I cannot tell my honourable friend that. We have to have the act in order to get the benefits out for the worker. This just applies to seasonal employees, not to regular employees.

Hon. Mr. Hawkins: But if he has a credit in the fund, what is the need for a special act? I cannot see the need for it.

Hon. Mr. Brunt: I agree with you, but we are told that we have to have this act so that they can get the benefits out to the seasonal employees.

Hon. Mr. Connolly (Ottawa West): Does the honourable gentleman mind answering questions as we go along?

Hon. Mr. Brunt: No, I shall be very happy to do so; at least, I shall try.

Hon. Mr. Connolly (Ottawa West): We are all out of order if we ask questions without your consent. Could the honourable gentleman say when the season stops for a seasonal worker? Is there a termination date?

Hon. Mr. Brunt: The 17th of May is when the payments stop for seasonal workers, regardless of how much a worker has in the fund.

Hon. Mr. Reid: A seasonal worker is not one with a steady job, is that right?

Hon. Mr. Brunt: That is right.

Hon. Mr. Hawkins: Does this cover a worker who has never paid into the fund?

Hon. Mr. Brunt: Oh, no. Of course, if he has no credit in the fund he cannot get anything out of it.

Hon. Mr. Hawkins: You said a moment ago if he had no credit in the fund he could not come under this act.

Hon. Mr. Brunt: That is right, he cannot; if he has no credit in the fund he cannot draw under this act or any other act. He must have a credit in the unemployment insurance fund in order to draw unemployment insurance benefits.

Hon. Mr. Hawkins: Well, if he has a credit in the fund I do not see why this bill is needed.

Hon. Mr. Brunt: Because the seasonal provisions end on the 17th of May, and that is the authority under which the payments are made.

Hon. Mr. Connolly (Ottawa West): The 17th of May is the termination date.

Hon. Mr. Brunt: Under the present legislation payments to seasonal workers terminate on the 17th day of May.

Hon. Mr. Reid: That would mean that by the 17th of May if you had only 10 payments out you would continue after this becomes law?

Hon. Mr. Brunt: After this becomes law you can have those additional weeks.

Hon. Mr. Macdonald: Why?

Hon. Mr. Brunt: Because that is what is set up in the bill. The new act will terminate on the 28th of June.

Hon. Mr. Macdonald: But if he has not got a credit he gets no further payments?

Hon. Mr. Brunt: No, he cannot. The unemployment insurance fund cannot go into debt to any employee. You must have your money in there to your credit before you can take it out.

Hon. Mr. Hawkins: That is the point I cannot understand. I am sorry and I apologize for taking the time of the house. I cannot understand why, if he has credits there, he cannot draw unemployment insurance in the regular way.

Hon. Mr. Brunt: Because he is a seasonal employee.

Hon. Mr. Hawkins: If he has paid into the fund, whether he is a seasonal employee or not should not make any difference.

Hon. Mr. Brunt: Let me go on and I think I will come to an explanation for that.

Hon. Mr. Golding: Just before you go on, may I ask a question? Was not the expiration date of the 17th of May set as a result of legislation passed to give this seasonal contribution to the unemployed?

Hon. Mr. Brunt: That is correct.

Hon. Mr. Golding: And prior to the passing of that act payments would not have gone to that date?

Hon. Mr. Brunt: No. I think they would have been paid only to March.

Hon. Mr. Macdonald: We passed a bill last year extending the time.

Hon. Mr. Reid: This is an extension to the extension.

Hon. Mr. Brunt: All I have said up to the present relates solely to those persons who have a unused seasonal credit in the fund.

This bill also applies to persons who have not been entitled to receive any seasonal benefits under the present act. And there are such people. Under paragraphs (a) and (b) of the new section 50, subsection (1), these persons are now entitled to qualify. For example, a worker who applies for benefit on May 5 and who has not made sufficient contributions to qualify for a regular benefit—that is to say, who has not made 30 weekly contributions in the last two years—does not qualify as a regular worker. Until we had an Unemployment Insurance Act for the paying out of benefits to seasonal employees that man could get nothing out of the fund, because it was a condition precedent that you had to make 30 weekly contributions in the last two years in order to qualify to receive benefits under the act. I think that is the answer to the honourable senator's question.

Hon. Mr. Macdonald: That man has not got a credit though?

Hon. Mr. Brunt: The credit is not recognized. Under the present act, as a permanent employee, let us call him, his credit is not recognized until 30 weeks' contributions have been made, and they must have been made during the last two years. Even if he had 15 contribution weeks on the day he applied for benefits, he could not qualify for seasonal benefits under the act as it reads at present. As it is mathematically impossible for him to have accumulated 15 contribution weeks since March 31, 1958, it was necessary to amend the act to allow him to get benefits out of what he had contributed.

Hon. Mr. Reid: Will he get the same benefits, or is it on a *pro rata* basis?

Hon. Mr. Brunt: He will get the same weekly benefit, but his benefits will be used up more quickly.

Under the bill an unemployed person who has 15 contribution weeks since March 31, 1957, can qualify for seasonal benefit. In other words, this measure would change the date from March 31, 1958 to March 31, 1957, so as to allow the seasonal worker to have 15 contribution weeks.

An unemployed person will now be able to qualify for benefits under paragraph (b) in view of the extension of time from May 18, 1958 to June 28, 1958.

I have heard many complaints, as I am sure other honourable senators have, about the waiting period. An unemployed seasonal worker who now goes to the Unemployment Insurance office and qualifies for benefits has

to serve a waiting period consisting of a week's benefit. By this bill that provision is eliminated, as it applies to seasonal workers. Subsection (2) of section 50 would do away with the waiting period for a person who applies for seasonal benefits on or after May 18, 1958 and before June 28, 1958.

Section 52 of this bill repeats section 52 of the present act which prevents a worker from having two seasonal benefit periods under which he would withdraw from the fund more than his credit in the fund. In other words, it prevents an overdraft. For anyone to qualify for benefits under the unemployment insurance fund he must have a credit balance; he cannot have an overdraft. However, a worker can draw weekly seasonal benefit payments at different times. For instance, he could be out of work for two weeks and draw benefits, then return to work for a week, then be out of work and again draw benefits, provided of course that his total drawings never exceed the amount to his credit in the fund, and provided also that his drawings are made by him in the specified period, namely, from May 18, 1958 to June 28, 1958.

Hon. Mr. Reid: He does not have the waiting period?

Hon. Mr. Brunt: There is no waiting period. Immediately a seasonal worker becomes unemployed he is entitled to receive benefits. That advantage is not extended to the regular worker who participates in the fund.

I reiterate that section 2, to me a very important section, prevents any person from receiving any benefits out of the fund if he has exhausted his seasonal benefit credit in the fund.

Finally, I would point out that upon the bill being passed by this house and becoming an act of Parliament it will have no effect of any kind whatsoever after the 28th day of June, 1958. In other words all the provisions of this bill will be automatically spent, in the absence of further legislation, on the 28th of June next.

In closing, I would like to advise the house that, according to information which has been furnished to me from the Unemployment Insurance Commission, it is estimated that 200,000 claimants will benefit under the provisions of this bill, and it is further estimated that they will benefit in the amount of approximately $14 million.

Hon. W. Ross Macdonald: Honourable senators, we have not much time to study this bill, and I must admit that I am not perfectly clear as to its provisions. With all due respect to the honourable gentleman who introduced the bill, I do not think that a man has to have to his credit in the unemployment insurance fund an amount as great as he will draw under the provisions of the bill. What the man will need to have is a certain number of contributions to the fund, and as I understand the provisions, if he has made, let us say—I am not sure of my figures—24 contributions he will be entitled to seasonal benefits for 20 weeks; and of course his weekly drawing is much larger than his weekly contribution.

Hon. Mr. Brunt: A great deal.

Hon. Mr. Macdonald: So when the honourable gentleman used the words "credit in that fund", what he meant, I suppose, was that he would be entitled to draw from the fund because he had made a sufficient number of contributions to it to enable him to qualify.

Hon. Mr. Brunt: Well, after all, contributions are made in money, and that is why I say it is a credit in the fund. He has got a credit of so many dollars in the fund.

Hon. Mr. Macdonald: Yes, but the amount of dollars he has in the fund does not equal the amount of dollars that he draws. I do not know what his weekly contribution is, but it is comparatively small; the employer and the Government each pay in the same amount, and the Government also provides the cost of administration. Then, when the man becomes unemployed, he draws much more per week than the total amount he has paid in.

Hon. Mr. Brunt: Yes. But what the employer and the Government pay in are credited to him, and he is also credited with his own payments.

Hon. Mr. Macdonald: I agree, but these weekly payments do not equal one weekly payment which the man draws out. That is why it is called "insurance". I mention this in order to make clear what is meant by the credit which the man must have in the fund. The credit must be such as will enable him to qualify.

Under the provisions of the law as it stood when the bill was introduced, a man was entitled to draw seasonal benefits after a shorter period of employment than that required under the normal provisions of the act. For instance, if he had been paying in for, say, 24 weeks—I am not sure of the exact qualifying period—although he might not qualify under the general provisions, he would be able to qualify for seasonal benefits, that is, benefits paid in the winter. Under an amendment adopted this year by the former parliament, he could qualify for seasonal benefits, and these would cease on May 17. Let us say a person draws seasonal benefits for 15 weeks from early February to the middle of May. Under the provisions of the

act, if the time had not expired, that person would be entitled to draw another five weeks' benefits. If we amend the act now he will be able to draw an additional five weeks' benefits, for the act will continue in force until the end of June. That is the change we shall be making. We shall be lengthening the time in which a person can qualify for seasonal benefits. That is all very good, and I think we are all in favour of the principle, but the thing that bothers me is what is going to happen to the unemployment insurance fund?

This fund was set up to be on an actuarially sound basis. It is what it says it is, an insurance fund. When you buy life insurance you pay a certain premium. A lot of people pay premiums to the same company, and each contributor knows what he or his estate is going to be able to draw. When he dies, for instance, his estate is going to draw a certain amount of money because he has paid certain premiums. Under that scheme no one has an advantage over anyone else. But in this case we are changing the basis of the unemployment insurance fund, and now workers are going to draw from the fund to such an extent that I am wondering how long it will remain actuarially sound.

Hon. Mr. Aseltine: May I ask the honourable Leader of the Opposition (Hon. Mr. Macdonald) a question? Is it not a fact that thousands of contributors to the fund have never drawn a cent from it and never will? I could name thousands of cases like that.

Hon. Mr. Quinn: That is what builds up the fund.

Hon. Mr. Aseltine: It accumulates in that way.

Hon. Mr. Macdonald: That is what makes the fund actuarially sound. If they all drew out, the fund would soon disappear. If all contributors to a life insurance company died at the same time and the company had to pay out insurance benfits to the estates of the deceased, the company would go out of business. The same principle is involved under the Unemployment Insurance Act. The fund has been set up on an actuarial basis on the assumption that certain workers will always be employed and contributing to the fund, while certain other workers will from time to time become unemployed and draw from the fund. When these people return to work they will start paying into the fund again, while others may become temporarily unemployed. The rates have been established so that there will always be a fund from which to give unemployment benefits to those who have qualified by paying regular premiums.

Honourable senators, I am in favour of paying unemployment insurance benefits to these pople who are out of work, but I don't think it should be done under this act. I think it should be done under the bill that was passed in December of last year.

Hon. Mr. Connolly (Ottawa West): The Unemployment Assistance Act.

Hon. Mr. Macdonald: Yes, under which a province notifies the federal Government when a certain percentage of workers in the province are unemployed. Why couldn't that act be brought into effect now for the benefit of these people? You may say the rate of payment is not high enough.

Hon. Mr. Quinn: Would it not amount to the same thing except that it would come under an act of another name?

Hon. Mr. Macdonald: No, for then you would not be depleting this insurance fund which so many of our citizens have paid into.

Hon. Mr. Quinn: It fluctuates anyway. It goes up and down.

Hon. Mr. Macdonald: Yes, but let it go up and down in the natural way. What is proposed under this bill is to take money from it against the advice, I am sure, of the actuaries. My proposal would be that the money should be paid to these people under the provisions of the Unemployment Assistance Act at the same rate that benefits would be paid under the Unemployment Insurance Act. If that were done every employee and employer now paying into the unemployment insurance fund would know that the fund is sound.

Hon. Mr. Brunt: May I ask the honourable gentleman a question? I cannot see how the fund is going to be depleted at all, for before you can draw out of it, according to the honourable senator's own statement, you must have contributed for so many weeks, and you cannot draw out more than you have paid in.

Hon. Mr. Macdonald: Oh, yes.

Hon. Mr. Brunt: No, you can't, not when you take the contribution to be what the employee, the employer and the Government have credited into the fund for the employee. An employee cannot get more than that out of the fund.

Hon. Mr. Macdonald: Oh, yes.

Hon. Mr. Brunt: I beg to differ. You can't.

Hon. Mr. Macdonald: You cannot draw the total out. Let us say an employee contributes $2.50 a week, the employer contributes $2.50 a week and the Government contributes $2.50 a week. That makes a total of $7.50 a week. But if the employee is thrown out of work

he may draw, say, $30 a week. Make no mistake about it: it is done in that way.

Hon. Mr. Brunt: Those figures are not accurate.

Hon. Mr. Macdonald: I don't say my figures are correct, but that is the principle of it. That is what is meant by unemployment insurance. There is no insurance coverage if you draw out only what you pay in. That would not be insurance at all.

Hon. Mr. Brunt: The employee is not paying it in himself.

Hon. Mr. Macdonald: I am sorry that I cannot make myself any clearer. A man may draw, for instance, $10,000 worth of insurance if his house burns down, but he certainly did not contribute that amount to the first insurance company. A lot of people together contributed it. The principle of the unemployment insurance fund is as simple as that. It is simple insurance, set up by actuaries, who calculated how much every employee should pay into the fund, and over how long a period. It was felt that if a certain amount was contributed over a certain period of time the result would be good insurance. But what is the Government doing? It proposes that in the present emergency payments be made out of that fund to people who cannot qualify in the ordinary way. That would weaken the fund, notwithstanding what my honourable friend from Hanover (Hon. Mr. Brunt) said. I am sure he is incorrect. I say that this fund is now being charged with amounts which it was never anticipated it would be charged with, and if this goes on long enough you will find that the fund will no longer be on a sound actuarial basis.

Honourable senators, the first proposal I make is that the payments should be made under the Unemployment Assistance Act. If that is not done, then the amount by which this fund is overdrawn on account of this act should be refunded to it from the general consolidated revenue fund. Could not the Government at the end of June ascertain how much additional money was drawn out of the unemployment insurance fund beyond the estimate set up by the actuaries, and pay it back to the fund with money from the consolidated revenue fund? The unemployment insurance fund was intended to be sound actuarially, with all the taxpayers of Canada contributing to it, instead of, as at present, just the workers who are potential beneficiaries of the fund.

I hope the Leader of the Government (Hon. Mr. Aseltine) will review what I have said and take it up with the Unemployment Insurance Commission; and if he finds, as I am sure he will, that this fund is being unduly depleted and is likely, if the practice continues for another year, to become actuarially unsound, let the Government take one of the two courses I have mentioned. I think it is only fair to the workers and to the employers of this country who have contributed, that their unemployment fund should be amply protected.

Honourable senators, I do not wish to delay the house much longer, but I would point out that this bill in no way relieves the condition of unemployment in Canada today. It is not an unemployment measure so far as giving employment is concerned. I thought my honourable friend might have told us how many people are out of work in Canada today. I understand the number is still over half a million.

Hon. Mr. Roebuck: 700,000.

Hon. Mr. Macdonald: This bill will not give a job to one of them. If the honourable gentleman has the figures of the number of unemployed, let him give them. We talk about the Unemployment Assistance Act. This measure will not assist the unemployed to get jobs; it will assist them to keep alive until the end of June. As a matter of fact, it will not assist all seasonal unemployed to live until the end of June, because there must be many thousands who cannot qualify for seasonal benefits. My friend did not talk about them. What about the man who cannot qualify for seasonal benefits? There is no help for him here.

Honourable senators, I have said all I want to say. The bill is a good one as far as it goes. It does nothing to relieve the unemployment condition, it does nothing to help the man who cannot qualify for seasonal benefits, and it endangers the actuarial basis of the unemployment insurance fund.

Hon. Calvert C. Pratt: Honourable senators, may I be permitted to add a word or two in reference to this matter? I agree with the honourable senator who has just spoken that it is one of the greatest responsibilities that can be lodged with any government to keep such a fund as this sound and in such a condition that its resources are taken care of and not depleted unnecessarily. It must be very carefully and most effectively administered to serve those whose money has been paid into it. Every employed person covered by the act pays into this fund; it is a trust fund. The Government, as administrator, is acting directly as a trustee for people perhaps in a greater measure than in the case of any other fund under its administration.

I am very glad that the point as to the amount of credit to individual employees was

cleared up. I am quite sure the honourable senator who made the explanation did not mean to say, as was implied, that each one who drew an amount had a credit of a like amount for withdrawal. Every one who gets insurance benefits draws from a general fund, to which he contributes a premium, and of course it is not a withdrawal of just his own funds: otherwise it would be savings, not insurance.

In making reference to this bill, I have a couple of points in mind. In the first place, the need is very strong throughout Canada, as we all can see, for a very close and careful administration of the unemployment insurance fund. Seasonal unemployment insurance is comparatively new. We have had more experience with unemployment insurance generally, for it has been administered for a considerable time. But matters that need correction have been creeping into the administration. It is a fact, and it is only natural, that under certain circumstances and in some localities here and there a laxity in passing claims has gradually developed whereby people have accepted insurance benefits when they should have sought out and obtained other employment. There needs to be very careful administration, and a far more precise handling and checking of individual cases than has been in evidence in the past. In such widespread operations I understand the administration has to grow and mature.

One point I should like to raise in connection with seasonal unemployment insurance has regard to the dates of operation. First it came into effect from January 1 to April 15; then it was extended to the period of December 1 to May 15; and now, temporarily at least, it will date from December 1 to June 28. These periods are uniform right across the board throughout Canada for all classes of trade, without respect to the nature of the industry. I think that is wrong. I realize that the difficulty of administration over varying periods is very great. With these varying periods, I would not expect individual cases of inequality to be corrected immediately, but the department should be very alive to conditions and watch for opportunities to see that the periods of insurance meet the needs and circumstances of each individual trade as far as possible. I will give an example.

In connection with the provisions of the Unemployment Insurance Act with respect to fishermen, there is only the winter and spring period during which insurance can be effective. It will follow now, by this extension, temporarily into early summer. But, honourable senators, there are places where the fishery is at its best for the year only in the winter season. There are other places where one can get more prolific catches in the summer. I know this matter has been discussed between fishermen's delegations, representatives of trade, the Department of Labour, and so on, but up to the present time there has been no solution and no policy has been brought out to meet those special conditions. I have actual knowledge of plants that were erected and big capital invested to take the fish in areas which are largely winter fishing areas, and I know of two or three instances where by reason of the unemployment insurance being effective only in the period of more prolific fishing the tendency of the fishermen is to lessen their operations at that time, and as a result these plants have to meet very difficult conditions. These are circumstances which have to be taken into account, and I do hope that before too long, as experience can be gathered, it will be possible to adjust these periods to meet the special and natural circumstances of these localities.

One other matter that I might mention has particular reference to my province of Newfoundland. The administration of the unemployment insurance fund, which I say is a trust fund, calls for very close supervision, for administration that is precise and exacting. In Newfoundland there is an Unemployment Insurance Commission office at St. John's and staff are employed at various places, yet when anything crops up which is not routine—and matters are from day to day arising which do not conform to precise patterns and which call for adjustment—it has to be referred to a regional office in Moncton. This causes unnecessary delays in settling matters and often results in misunderstandings. I think that in the interest of good administration a regional office should be set up in Newfoundland to expedite matters. It is only fair to the people who are contributing to this fund, and advisable for the administration of the fund generally, that a close on-the-spot regional and overall supervision should be given under proper management right in the province of Newfoundland.

Hon. Thomas Reid: Honourable senators, I rise to ask a question from the sponsor of the bill, but before doing so may I say that I support the views expressed by the Leader of the Opposition (Hon. Mr. Macdonald) when he pointed out the danger that might arise from depletion of this fund. It is noted that $72 million was paid out of this fund in the month of March of this year and that there is now left in the fund some $740 million. It would be interesting to know what was in the fund a year ago.

Hon. Mr. Golding: $900 million.

Hon. Mr. Reid: That danger of depletion could arise in being all too ready to take moneys from this fund which should come—and on this also I agree with the Leader of the Opposition—from the consolidated revenue fund.

The Unemployment Insurance Act was passed in 1940 by a previous administration. Supplementary benefits came into effect in 1950.

My question, honourable senators, has to do with the proposed section 52, which provides for one seasonal benefit period. If we pass this bill will that become part of the original Unemployment Insurance Act?

Hon. Mr. Brunt: No, it will not.

Hon. Mr. Reid: Is there a limited time? Is it just temporary? There is nothing in the bill to say it is temporary. The legislation that was passed in 1957 made certain changes that were carried through this year to May 17; now we are extending the period to June 28 of this year. I am wondering if when this bill is passed those changes will become part of the original Unemployment Insurance Act. That is not made clear in the bill.

Hon. Mr. Brunt: Honourable senators, I beg to refer the honourable senator to clause 1 of the bill, which reads:

1. During the period commencing on the 18th day of May, 1958 and ending on the 28th day of June, 1958, both days inclusive, sections 50, 51 and 52 of the Unemployment Insurance Act shall be deemed to read as follows: . . .

For that period of time the sections as set out in the bill will be in operation, but after the 28th day of June 1958 the sections will read as set out in the original act.

Hon. Mr. Golding: That is right.

Hon. Mr. Roebuck: May I ask the honourable gentleman who explained the bill (Hon. Mr. Brunt) whether any actuarial reports have been made with respect to this payment? He told us that $14 million would be paid out as a result of this extension, which will be the second extension of seasonal benefit periods. What was the amount paid out under the former extension? Is that figure available?

Hon. Mr. Brunt: The only figures available to me were contained in the statement made in the other place by the Minister of Labour, at page 85 of the Commons *Hansard*. With the permission of the house, I will quote what he said:

I would like to note that in the five months beginning December 1, 1957, and I think this will answer a question asked in the house earlier, almost $230 million were paid out in unemployment insurance benefits but in spite of these heavy expenditures the unemployment insurance fund had at the end of March a remarkably healthy balance of more than $740 million.

Hon. Mr. Roebuck: Of course it is obvious. is it not, as the Leader of the Opposition (Hon. Mr. Macdonald) has stated, that that $740 million is a credit owned and justly held for those who in the past have contributed to the fund. It is for the purpose of satisfying the general conditions of the act, and it is not a very large sum when one considers what may take place. One has only to look back to the hungry thirties, for instance, and remember the numbers of men who were unemployed at that time, to realize the calls that may be made on this fund, and that $740 million could very soon melt away. That sum is owned by, is due to and is the right of those who have contributed to the fund.

Now we are asked to give additional benefits to other persons. The figure that my honourable friend has stated does not give me any information at all as to how much the other extension has already eaten up of this fund. He has told me that $14 million would be expended under this proposed extension. Can my friend give me any further figure?

Hon. Mr. Brunt: No, those are all the figures I have available.

Hon. Mr. Roebuck: And there is no statement, other than this very loose remark of the minister in the other house, with respect to the effect upon the fund?

Hon. Mr. Brunt: I would not say that. I do not know what statements were made in the House of Commons this afternoon when the bill was being considered there, because today's *Hansard* of that house is not yet available.

Hon. Mr. Roebuck: Do you not think when we are being asked to pass a bill of this kind that a full financial statement should be put before us?

I have a further question. What is the necessity for this extension at this time? Spring is not delayed. What is the economic reason that the Government puts forward as to why we should make this extension now?

Hon. John J. Connolly (Ottawa West): Before the honourable senator answers that question, I wonder if I may heap a few more coals on his head. I do not mean it in that spirit, because I think he has done very well with his explanation of this legislation. Although he has had a somewhat gruelling session tonight, he has handled himself extremely creditably.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Connolly (Ottawa West): I do notice one thing about the bill before us, and I wish to call it to the attention of the Leader of the Government (Hon. Mr. Aseltine). I know it is an oversight and is due to the speed with which this material has had to be prepared, but there is no reference in the bill to the act which is actually being amended. The Unemployment Insurance Act is R.S.C. Chapter 273, and section 50 of that act is not the section 50 contained in the explanatory notes to this bill. I know if I went to the statute citator I could easily find the reference to the act which is actually being amended, but there does not happen to be one in the Library in this chamber. It would be of convenience to all honourable senators if every bill generally contained in the margin a reference to the statute that is actually being amended by the bill.

Hon. Mr. Macdonald: It says "Unemployment Insurance Act".

Hon. Mr. Connolly (Ottawa West): Yes, but if you look at Chapter 273 of the Revised Statutes you will observe that section 50 reads as follows:

> The Commission may, if it thinks fit, refer any question mentioned in section 47 to the umpire for decision.

Hon. Mr. Brunt: The act has been entirely revised.

Hon. Mr. Connolly (Ottawa West): The act as contained in the Revised Statutes has since been amended, and there is no reference in the bill to the subsequent amendment. Such a reference would be convenient generally, and in particular, if I may say so, to the lawyers in this house, because one looks for that kind of reference and does not find it.

Hon. Mr. Brunt: I quite agree.

Hon. Mr. Connolly (Ottawa West): There has been a good deal of discussion about the $14 million cost to the Treasury of payments to be made if this bill becomes effective. I take it the honourable gentleman implies that this is to be paid out of the unemployment insurance fund, not out of the consolidated revenue fund?

Hon. Mr. Brunt: That is correct.

Hon. Mr. Connolly (Ottawa West): I understood the honourable gentleman to say it is expected that some 200,000 people will benefit if this bill becomes law. I would not expect him to have the information at hand tonight, but I would like to know if these figures were supplied by the Department of Labour and, secondly, if they are, what percentage of the unemployed in Canada today do the 200,000 persons represent? Perhaps if the bill goes over until tomorrow we might get that information.

Hon. Mr. Brunt: I can answer part of my friend's question. The figures that I gave with respect to the 200,000 persons who would benefit and the amount of benefits approximating $14 million were furnished by the Unemployment Insurance Commission.

Hon. Mr. Connolly (Ottawa West): Does the honourable gentleman know if they are figures which have been supplied by the Department of Labour or do they come from the Dominion Bureau of Statistics?

Hon. Mr. Brunt: I am unable to answer that question; the figures came to me from the Unemployment Insurance Commission.

Hon. Mr. Connolly (Ottawa West): And you do not know the percentage of the unemployed in Canada today on the basis of the Department of Labour figures, I take it?

Hon. Mr. Brunt: I do not.

Hon. Mr. Connolly (Ottawa West): If the bill goes over until tomorrow, perhaps we could have the information at that time.

Hon. Mr. Golding: Honourable senators, I would like to ask a question of the sponsor of the bill. This proposed extension would expire about the end of June. If after that date there is still a large number of unemployed such as are now being provided for, what provision will be made for those persons?

Hon. Mr. Brunt: That is a question of Government policy. The Government will have to decide at the end of June just what it will desire to do and it will have to make up its mind as to whether it wants to allow the seasonal benefits to lapse or to be extended. I do not make Government policy, and there is no place where I can get an answer to that question at the present time.

Motion agreed to and bill read second time.

THIRD READING POSTPONED

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

Hon. Mr. Hawkins: Honourable senators, is it the intention that this bill should receive royal assent tonight?

Hon. Mr. Aseltine: Tomorrow.

Hon. Mr. Hawkins: I have had a good deal to do with unemployment insurance matters, and although I do not know much

about this bill, some of the explanations have not satisfied me. If royal assent is not to be given tonight, why can we not let third reading stand over until tomorrow? I do not think it is quite fair to ask the honourable senator from Hanover (Hon. Mr. Brunt) to attempt to get all this information, but I think it should be supplied to us. However, I would not hold up the bill, if it is proposed to give royal assent tonight.

Hon. Mr. Aseltine: May I say, honourable senators, that another bill is to come to us shortly, providing for the furnishing of more money under the National Housing Act.

Hon. Mr. Connolly (Ottawa West): Lots of money!

Hon. Mr. Aseltine: The Government wishes to have the Unemployment Insurance Bill, the appropriation bill we passed this morning, and the housing measure receive royal assent at the same time. I think it is now proposed that royal assent be had at 5.45 tomorrow afternoon. It seems unlikely that the housing measure will get to us for first reading tonight.

I propose, honourable senators, to move that we adjourn until tomorrow morning and have the full day to consider the housing measure. I have no objection to third reading of the bill now before us being postponed until we meet tomorrow.

Hon. Mr. Macdonald: Third reading tomorrow.

Mr. Aseltine: May I ask the honourable Leader of the Opposition (Hon. Mr. Macdonald) whether in his opinion we could deal with and finish the National Housing Act Amendment bill if we were to adjourn until three o'clock tomorrow afternoon? The other chamber will sit tomorrow morning, and there is a possibility that the bill will not be here by eleven o'clock.

Hon. Mr. Macdonald: I should like to see the housing bill before I gave an opinion as to how long it may take to pass it through this house. When I came here this evening I had not seen this bill for extension of seasonal benefit periods under the Unemployment Insurance Act, and I am rather astonished that we have put it through as quickly as we have. Probably we shall know more about the housing bill than we knew about the bill now before us. Would the honourable Leader of the Government (Hon. Mr. Aseltine) think it wise, unless it will cause some inconvenience, to have this house assemble at, say, twelve noon tomorrow? By that time we should have some idea as to when we could expect the housing bill. I might point out to the honourable Leader of the Government that a number of questions were asked this evening about the Unemployment Insurance Bill, and these, at least, could be answered at noon tomorrow. I leave the decision entirely to the honourable Leader of the Government, and I shall be pleased to be here when he thinks it advisable that we should assemble.

Hon. Mr. Aseltine: The solicitor for the Unemployment Insurance Commission has been in the gallery during the debate, and he will do his best to furnish us with the answers required. We asked him to be present for that reason. If the honourable Leader of the Opposition thinks that to meet at twelve o'clock tomorrow will allow us plenty of time, I have no objection to an adjournment to that hour. The amendment which we shall have to consider is a very simple one, consisting of a few words increasing the amount of funds available for the completion of houses now under way and the building of new ones.

Hon. Mr. Macdonald: All these bills are said to be "simple", but when I look at them I decide that, if they are, I myself am simple.

Hon. Mr. Brunt: The bill before us was never a simple one.

The Senate adjourned until tomorrow at 12.00 noon.

THE SENATE

Friday, May 16, 1958

The Senate met at 12 o'clock noon, the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
Ottawa

May 16, 1958.

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 16th May, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General.
(Administrative).

The Honourable
The Speaker of the Senate,
Ottawa.

UNEMPLOYMENT INSURANCE BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-9, for the temporary extension of seasonal benefit periods under the Unemployment Insurance Act.

He said: Honourable senators, on account of the unavoidable absence of the honourable senator from Hanover (Hon. Mr. Brunt), who explained this bill yesterday, I have taken it upon myself to try to answer some of the questions asked last evening. In looking into the subject, I find that the Unemployment Insurance Act is a rather intricate piece of legislation, and I have had some difficulty in preparing the answers. However, I will do my best to satisfy those honourable senators who asked the questions.

But first may I say that in discussing problems in connection with this legislation we have to keep in mind at all times that this is insurance. For example, if I insure my property against loss by fire, I pay premiums to an insurance company, and if I have a loss I collect more than I paid in by way of premiums. The company, in order to be sure that it will have enough money to pay my loss, collects hundreds of thousands of dollars by way of premiums from other insured persons who have no loss.

Hon. Mr. Reid: But if there are a lot of fires the premium rates are increased.

Hon. Mr. Aseltine: Yes. The point is that at the time of my loss I get more than I paid in. The same principle is involved in connection with this unemployment insurance. The employee pays in a certain amount by way of premiums, the employer pays in a certain amount, and the Government pays in a certain amount. But if circumstances arise whereby the employee is entitled to start drawing benefits, naturally, in almost every case except where the party has been paying in for years, he draws out much more than he ever paid in. That is what the honourable Leader of the Opposition (Hon. Mr. Macdonald) said, or what I understood him to say, last evening.

Before I start to answer questions I should like to give honourable senators certain other information. In December 1956 the unemployment insurance fund reached its highest point, with $927 million. Since March of 1957 this amount has been reduced by $131 million, which is not a great deal, everything considered. The average receipts per month are between $18 million and $22 million. So, even though benefits to the extent of $14 million may be given to these seasonal employees, and although considerable money has been paid out, the fund, we hope, will build up during the summer months until it is almost as large as it was before these heavy payments had to be made.

I come now to the questions asked by some honourable senators yesterday.

One point which seems to bother some of us is the matter of a claimant's credit in the fund. In that connection I wish to say that there are two categories of seasonal benefit claimants, namely, "A" those who, while failing to qualify for regular benefits, have at least 15 contribution weeks since the end of March prior to the claim, and "B" those whose regular benefit has ended since the previous April 15th.

Honourable senators will understand that, under section 53(3) of the act as passed last November, a claimant under "A" is entitled to five weeks' seasonal benefit for every six contributions. Thus, a claimant with a minimum of 15 contribution weeks is entitled to 13 weeks of seasonal benefit. A claimant coming under "B" is entitled to seasonal benefit for the same number of weeks for which he received regular benefit under his last claim. In either case a claimant cannot be paid seasonal benefit beyond the end of

the seasonal benefit period, which at the moment is the 17th day of May, and which date it is proposed by this bill to extend until June 28 of this year only.

Therefore, the amount of benefit that a claimant is entitled to is determined in the case of "A" by the average of his weekly contributions, which in turn is related to a schedule of weekly rates. The weekly rate is then multiplied by the number of weeks of entitlement. I want to stress the point that the premiums paid by the employee, the employer and the Government, and the credit to the account of the employee in the books of the Unemployment Insurance Commission are entirely different things. Thus, if a claimant paid contributions for the minimum of 15 weeks at 60 cents per week and had one dependent, he would be entitled to a benefit at the rate of $30 per week for 13 weeks, or a total of $390. That is the credit that the honourable senator from Hanover was referring to in his remarks last night. That is what he meant by "credit" when he was speaking on the bill at that time.

In the case of "B" the claimant is entitled to the same rate as he received on his last claim, which, of course, was based on his contributions in the same manner as for "A". Honourable senators, I hope that clears up the question of what is a credit and what is a premium, and so on.

In reply to a question asked last night by the honourable Leader of the Opposition (Hon. Mr. Macdonald), I wish to say that the number of persons registered for employment at the local offices of the Unemployment Insurance Commission on May 1, 1958, was 758,028, which was a decrease of 128,757 from March 13, when the seasonal high point was reached. Then in reply to a question asked by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), I have this to say, that no actuarial report has been made on this bill, and therefore I am not able to deal with it at any great length.

The honourable gentleman also asked a question with respect to the financial effect of the extension of seasonal benefits made last fall. Honourable senators will remember that in November last benefits of this kind were set back one month from January 1 to take in the month of December, and were extended one month to bring them up to the present time. The only financial effect of the extension made last fall, ascertainable at this time, is the amount of seasonal benefit paid in December 1958, namely, $2,849,480.

Hon. Mr. Golding: That is not for December 1958.

Hon. Mr. Aseltine: I should have said December 1957. I thank my honourable friend for the correction.

Hon. Mr. Roebuck: Would the honourable gentleman kindly repeat the amount?

Hon. Mr. Aseltine: $2,849,480. Figures for the month of May will not be obtainable until perhaps a month or more from now.

Another question I wish to answer as follows: It is estimated that the number of persons who will benefit from the proposed extension will be 200,000, and that will cost approximately $14 million.

These estimates were arrived at by the Unemployment Insurance Commission in the following manner, that is to say: Seasonal benefit claimants on claim at April 30, 1958, as per reports of the local offices of the commission, not the Department of Labour, were 226,000. The number that will drop off between May 1 and May 15, on account of finding work, and so forth, will be 25,000, leaving 201,000, which figure will be further reduced at the rate of 32,000 per week by June 28. I have this additional information in that connection, that the average weekly rate of benefit for seasonal claimants is $20.

The honourable senator from Toronto-Trinity asked a further question, and I say this in my attempt to answer him: The proposed extension will meet a special situation that it is believed and hoped will not recur. It is hoped by the time the period of extension has expired seasonal employees will have found work and will not have to draw further on the fund. Unemployment reached a postwar high during the past winter, and while there has been marked improvement in recent weeks there are still some people on the labour force who require further protection pending their being able to find jobs, and possibly also pending a further upturn in economic activity. The extension contained in this bill will provide the flexibility needed to meet this particular set of circumstances.

The honourable senator from Ottawa West (Hon. Mr. Connolly) asked a question concerning the number of persons drawing benefits. The number of persons claiming benefit on April 30th 1958 was 722,252, which included 226,870 persons on seasonal benefit.

Seasonal benefit claimants represent 31 per cent of the total claimants as at April 30, 1958.

I went through the *Hansard* for last night's sitting as carefully as possible, and these are the answers I have obtained to the questions which were asked. I hope that they will satisfy the honourable senators who asked the questions, and that the bill will now be given third reading.

Hon. Arthur W. Roebuck: Honourable senators, I must certainly compliment the Leader of the Government (Hon. Mr. Aseltine) upon answering these questions in a comprehensive and clear manner. I understand him to say that at the peak, which was on March 13 last, there were 758,000 claimants against the fund, and that since then there has been a decrease of 128,000. So there are now, according to the latest figures, 630,000 persons claiming and receiving benefits from the insurance fund.

Hon. Donald Cameron: Honourable senators, I would like to make one or two observations in connection with this bill, but first of all may I say that I do not want any of my remarks considered as critical of the present Leader of the Government (Hon. Mr. Aseltine), because I think he has made an excellent presentation.

However, I think that a much more appropriate name for the bill would be "A partial and temporary Unemployment Relief Act," because that is, in effect, what it is.

My real concern in connection with this bill, however, and all extensions of this kind —and I know a good many others feel the same way—is that there are creeping into our welfare legislation a tremendous number of abuses. Every member in this house knows of the abuses that exist. While no one wishes to deny the benefits of welfare legislation, and particularly unemployment insurance, to needy and deserving people, I think that one of the things this house might very well do at a later time is to consider the possibility of setting up a committee to investigate the abuses of welfare legislation, and the best place to start would probably be in this field of unemployment insurance. I am not prepared at present to move a resolution to that end, but if no one else does it I would like to bring in a motion later on, when I could document some of my submissions.

The second matter which gives me concern is something not related to this particular bill but which is of concern to the Senate, and that is that there is an increasing tendency, beginning with the Twenty-Third Parliament, to bring bills before the Senate with the request that they be given three readings in the same sitting. Now, there are occasions when this is desirable and necessary, and I am sure that in those cases honourable senators will be glad to expedite passage of the legislation.

However, it will be recalled that on January 7, 1958, the Senate convened at 8 o'clock in the evening. Prayers were over at 8.10, and the first item of business was the reading of a letter by the Speaker from the Secretary to the Governor General to the effect that Mr. Justice Taschereau, as Deputy of His Excellency the Governor General, would appear in the Senate to give Royal Assent to a number of bills at 9.45 that evening. One of those bills was a supply bill for $272 million. It duly came in and was given three readings.

On January 9, Bill 243, a bill dealing with the Beechwood Power Project, was brought in with the request that it be given three readings that evening. This request was not agreed to by the Senate and consideration of the bill was carried over.

Then yesterday we had another supply bill, which was given three readings. We also had this bill C-9, which we are at present discussing; and I understand, Mr. Leader, that we are to receive another bill this afternoon.

Well, honourable senators, one of the functions of the Senate as envisaged by the Fathers of Confederation was that this house should have the responsibility of taking a sober second look at all legislation. I submit to honourable members that this cannot be done if bills are to come in here and receive three readings at one sitting.

The point of my remarks is simply that I hope this tendency will not continue, and that the Leader of the Government (Hon. Mr. Aseltine) in his new capacity, not as a member of the cabinet—and I think he is in a more independent position because he is not a member of the cabinet—should take a stand and say that only in the most unusual circumstances will this practice be resorted to.

Hon. Mr. Roebuck: We have the same right to say that as he has.

Hon. John J. Connolly (Ottawa West): Honourable senators, like the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) I wish to thank the Leader of the Government (Hon. Mr. Aseltine) for the very comprehensive way in which he has answered the questions which were put to him and to the honourable senator from Hanover (Hon. Mr. Brunt) last evening.

In following the remarks that have been made by the honourable gentleman from Banff (Hon. Mr. Cameron), I think it only fair to the Senate to say this, that the circumstances of the introduction of this bill are very unusual. There is an emergency. The Government has told us that there is an emergency and in such circumstances we are all glad to act as expeditiously as we can. But we are in a somewhat difficult position, and in a sense, too, the normal parliamentary practice has had to be laid aside. The normal practice is that after the Speech from the Throne is read a bill is introduced to indicate the independence of Parliament, and then, before any measures are actively discussed and passed, consideration of the

gracious speech is the first and the only order of business. There is some sense to that, and I think perhaps the circumstances in which we find ourselves today illustrate the point.

This bill involves many interesting principles to which the Senate, as the second chamber, might well give serious consideration. While we have appointed our standing committees, none of them have met, and until they meet we are not in a position to be able to establish quorums, for the quorums must be approved by the house. So, the bill which we discussed last evening and are discussing here today could not possibly go to a standing committee. It speaks very well for the forbearance of his Honour the Speaker, the Leader of the Government and for all honourable senators that we have abridged our rules to the extent of allowing the discussion to go on for the benefit of getting the information we felt we needed.

But I think the view as to the unusual circumstances in which the Senate finds itself in connection with this legislation should be placed on the record. I am not complaining about the situation; I am simply stating it to be a fact. Too often we in the Senate are criticized for putting legislation through in a purely formal way, simply because we are asked to do it; and while we do not have a rule of closure in this house, in effect closure is applied to us when a deadline is set by means of an announcement that there will be a royal assent at a certain hour.

I should now like to come to the bill in question for just a moment. The Leader of the Government was good enough to say that some 31 per cent of the total names on the rolls at the employment offices in the country conceivably could benefit from this legislation. This is rather a major gesture towards the serious unemployment situation in the country, which the honourable leader has acknowledged and described. Thirty-one per cent is almost a third of the number of unemployed persons, and that number is larger than it has been at any previous time since the war. If this is an attempt to make a major attack upon the problem of unemployment, I think the Senate, not in any partisan or political sense, might well consider whether, in view of the discussion that went on last evening, the moneys that are required to provide this assistance should come from a fund which was originally set up for different reasons and with different terms of reference. This is not the first time that the rules have been changed after the game began. Last year a special arrangement was made in connection with seasonal benefits, and the payment made was taken out of the unemployment insurance fund. Now there is to be a further resort to the fund to the extent of $14 million.

I admit the fund is a large one, but it was established as a trust fund for a specific purpose. True, the contributors to it are not only the employed people of the country, but employers also contribute, and so does the Government. But if unemployment is a national emergency today, it seems to me that it would be a more valid principle of public accounting to resort to the general revenues of the country to attack that problem than to take the money from this special fund.

There is another facet to it. It is this: If the relief to the extent of $14 million comes from the unemployment insurance fund, relief is being provided by a special number of citizens and not by the country as a whole. We could not, of course, in the time available and with the machinery we have at this particular stage of the session, ask that this type of principle be reviewed by a committee, because the facilities are not available.

I do not for a moment suggest that the legislation should be held up because of this circumstance, but I think that we might some time look at a similar bill, and perhaps even at this bill in review, to see whether or not the proper principles of public accounting have been followed, and whether as an alternative the Government might not have taken the money from the consolidated revenue fund—not only for this extension but for a previous extension—and used the machinery of the Unemployment Insurance Act to distribute it.

Hon. Mr. Hawkins: Could the Leader of the Government tell me to what extent the Government participates in providing funds to the Unemployment Insurance Commission? Is there a direct contribution, other than the payment of administrative expenses?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Hawkins: What is that amount?

Hon. Mr. Quinn: I think it is one-third.

Hon. Mr. Aseltine: My understanding is that the employee contributes one-third, with the same proportion being supplied by the employer and by the Government. If that is not correct, I will advise the chamber later.

Hon. Mr. Connolly (Ottawa West): Honourable senators, may I have the indulgence of the house for a moment to speak to a point which I overlooked in my general remarks?

In an emergency of this kind it is expected that the Government would have to assume additional expenditures, which expenditures would normally be reflected in the Public Accounts. But when resort is had to a special fund like this, apart from the depletion of that fund there is no additional charge shown upon the revenues of the country—the charge does not appear in the budget. So, the effect is that if, for example, there is a deficit of so much money in the Public Accounts at a given time, this $14 million would not appear. One may ask, what is the difference? You take it out of one pocket or you take it out of another pocket. However, I think an important principle of accounting is involved. The Senate might well investigate the practice.

Hon. Mr. Aseltine: I do not want to get into an argument with my honourable friend. The representations that he and others have made will receive due consideration.

Hon. Mr. Roebuck: May I add, let this be the last call of this nature on the fund.

Hon. Mr. Aseltine: Honourable senators, may I be permitted to add that I have just been handed a memorandum from the solicitor for the commission, in which he states that the Government pays one-fifth of the total contributions paid by employees and employers, and also the cost of administration.

Hon. Mr. Baird: One-fifth of one-half.

Motion agreed to, bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: I believe this completes the business for the morning. There is a possibility that the National Housing Bill will reach us this afternoon. I know the minister in charge is very anxious that it shall receive early attention, because the available funds have about run out. Under these circumstances there is nothing to do but to adjourn during pleasure, possibly until some time between three and four o'clock this afternoon, to meet at the call of the bell.

The Senate adjourned during pleasure.

At 4 p.m. the sitting was resumed.

Hon. Mr. Aseltine: Honourable senators, there is still some hope that the National Housing Bill will be sent over to us in time to be dealt with today but there is also a possibility it will not. All I can suggest at this time is that we adjourn during pleasure, to resume at 5.45 p.m. for royal assent. If the bill should reach the Clerk of the Senate before that time we can be summoned to meet earlier, at the call of the bell so that we may consider the bill.

The Senate adjourned during pleasure.

At 5.15 p.m. the sitting was resumed.

NATIONAL HOUSING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-10, to amend the National Housing Act, 1954.

Bill read first time.

MOTION FOR SECOND READING

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

Hon. W. M. Aseltine: Honourable senators, it is very important that this bill be passed by both houses as soon as possible, and the minister in charge has requested me to use every effort in that direction. For that reason, therefore, I move that the bill be read the second time on Monday next at 8 p.m.

Hon. Mr. Macdonald: Honourable senators, twenty minutes are at our disposal before the Deputy to His Excellency the Governor General is due to arrive, and it occurred to me that, if the Leader of the Government (Hon. Mr. Aseltine) is prepared to do so, he might make a statement on the bill now, and we could continue with the debate Monday evening.

Hon. Mr. Aseltine: I have no objection, if that is the will of the chamber.

Hon. Mr. Lambert: Honourable senators, I think it would contribute a good deal to the discussion of the bill later—and if we could adopt the suggestion offered as a practice this would be a good time to start—if an explanatory statement were made on the first reading of the bill, and discussion on the principle of the bill left to the second reading stage, as has always been done in the past.

Hon. Mr. Aseltine: That is not what the Leader of the Opposition (Hon. Mr. Macdonald) suggested. He suggested that the motion for second reading be made now and that I as Leader of the Government make a statement now in support of that motion, and then he would adjourn the debate. Is that not what he had in mind?

Hon. Mr. Macdonald: My suggestion was the same as that of my honourable friend the senior senator from Ottawa (Hon. Mr. Lambert). Second reading of the bill will be

moved now, I take it. I suggested that the Leader of the Government make his statement now, and I understood that the senior senator from Ottawa agreed.

Hon. Mr. Lambert: If I might explain; I had the impression, from the exchange of remarks between the two leaders, that the second reading of the bill was to be given next Monday evening, and not now.

Hon. Mr. Aseltine: I would prefer to make a statement now, on the second reading.

The Hon. the Speaker: Does the honourable Leader of the Government desire to change his motion?

Hon. Mr. Aseltine: Yes, I withdraw my motion, and now move that the bill be read the second time.

Honourable senators, this has been a rather hectic day for me in trying to arrange matters. We had thought earlier that this bill would be read the second time in the Senate today, and probably passed, but as that is not possible I propose to speak on the second reading now, and there will not be sufficient time for more than that. When I have done so, I suppose the Leader of the Opposition will adjourn the debate, and the debate will continue Monday evening.

In my opinion, this is not a complicated bill; it merely proposes to amend section 22 of the National Housing Act, 1954, in order to provide an additional $350 million for house building. No other amendments whatsoever are proposed at this time. The section in its present form permits the Government to advance up to $400 million to Central Mortgage and Housing Corporation for housing loans, and this amount has nearly all been committed for housing loans at different times. The bill proposes that the limit be raised from $400 million to $750 million.

The funds provided by this act are used by the corporation for its various lending programs. For example, under section 16 loans are made to limited dividend companies for the construction of low rental dwellings for elderly people and low income families. Perhaps right now I ought to give a little more information with regard to that feature of the act. These projects that I have just referred to are undertaken by community companies which build houses for people who are in the low income bracket, and the organization to which the money is loaned is limited to making a profit of 5 per cent on its investment. The Central Mortgage and Housing Corporation approves the rates of rentals and all that kind of thing. In other words, it is directly under the corporation's control to make sure that these limited dividend companies limit their profit to 5 per cent.

In addition, loans are made to primary producer industries for the contruction of rental housing for their employees. The corporation also makes loans to persons in small centres of population who wish to build homes for their own occupancy but are unable to obtain a regular insured loan from an approved lender, such as banks and life insurance companies and others. These lending institutions do not generally approve of making loans in villages and small towns where the population is not very large, and because of that fact the corporation has now been given power to make these loans.

Honourable senators will recall that last spring and summer mortgage money was in short supply, and as a result the pace of house construction slowed down. This shortage affected particularly families with modest means who wished to finance the purchase of homes or were seeking low rental accommodation. Accordingly in the month of August 1957 the Government authorized Central Mortgage and Housing Corporation itself to make loans of public funds to fill this gap. The statutory limit as of that time, under section 22, was $250 million, of which about $100 million had already been used or committed, leaving $150 million available for this purpose.

The corporation arranged for the banks, life insurance companies and other approved lenders to act as its agents in dealing with the public. This is what is known as the agency arrangement, which was made at the time between the Government and these lending institutions. In the eight months since August 1957 during which this agency arrangement has been in effect more than 26,000 new housing units have been financed under it, quite apart from those which approved lenders have financed under the National Housing Act with their own funds. The number of dwellings actually started under the agency plan numbered 20,675.

I would like to give some information with respect to that. During the fourth quarter of 1957 the average cost of single family dwellings under this arrangement was quite a bit less than under insured loans. The cost per unit was $13,192, which is 13 per cent less than the average cost of dwellings built with insured loans outside the agency, during the same period.

Hon. Mr. Macdonald: I do not like to interrupt the honourable gentleman, but why is there a difference between the cost under the two financing methods?

Hon. Mr. Aseltine: If my friend will bear with me for a moment, I will explain that later.

The down payments were one-third lower. All this was done for the purpose of building single family dwellings a little more cheaply, if possible, than those built under insured loans outside the agency.

I have some information here which may answer my honourable friend's question. The non-agency dwellings on the average at that time cost $15,146 per unit; houses built by the agency were being built for $13,192, which is 13 per cent less. The square footage of floor space in the non-agency houses was 1,199 square feet, and the agency houses, which were a little smaller, contained 1,048 square feet. The average cost per square foot for the non-agency houses was $10.38 per constructed dwelling, and for the agency houses $10.23.

Hon. Mr. Macdonald: Would the construction in the agency houses be not as good?

Hon. Mr. Aseltine: They contain a smaller square footage of floor space.

Hon. Mr. Macdonald: I understood the cost per square foot was less.

Hon. Mr. Aseltine: I do not know that I can explain the difference in cost, but that is the information I have. The greater saving would of course be in the smaller square footage in the agency houses.

Of the authorized total of $400 million, approximately $256 million has been committed under the agency agreement. That was the purpose of building all those homes which I mentioned a few moments ago. Another $59 million has gone to finance individual homes in smaller centres. These were direct loans made by the Central Mortgage and Housing Corporation in smaller centres, where ordinary lending agencies did not care to make loans. About $70 million has been used for low rental house building by limited dividend companies. I gave some information a short time ago about these limited dividend companies which built houses for the low income bracket group. The remainder has been used for rental housing projects for workers in primary industries. Somewhere between $7 million and $8 million is on hand or being used at the present time.

The Government believes that most of the money for house building should be provided by private lenders—and I agree with it—and it hopes therefore that the added funds will finance the corporation's lending programs for a considerable period. In the past few months the approved lending institutions have been lending more actively than for some time previously. For example, during the first eighteen weeks of this year they made insured loans for 11,775 units, as against 6,054 units in the same period last year. It is hoped that residual lendings by the corporation may be reduced; that is, that there will be fewer cases of qualified applicants unable to obtain loans from the funds of approved lenders. Unless the present statutory limit of $400 million is raised by the amount requested the corporation will be obliged to discontinue all its various direct lending activities.

This authorization, if it goes into effect, will make certain funds available for qualified applicants.

Briefly, honourable senators, that is an explanation of the bill. It is a very simple measure, consisting of only a sentence or two, dealing with the raising of the limit of $400 million to $750 million.

Hon. Mr. Hawkins: Will the honourable Leader of the Government tell us what sort of arrangements are made with the lending agencies he mentioned? Does the corporation lend the money to these lending agencies, or do the agencies administer the funds on behalf of the corporation?

Hon. Mr. Aseltine: My understanding is that the lending agencies lend their own money, with a guarantee from the Government.

Hon. Mr. Hawkins: The information I have is contained in a clipping from this morning's Toronto *Globe and Mail,* which explains how the money has been used. Most of the $256 million, it states, has gone into agency loans, and $59 million in direct loans, as has been explained.

Hon. Mr. Aseltine: I thought the honourable senator was referring to the other loans which were made before this system was adopted.

Hon. Mr. Hawkins: No, I am referring to to what are called agency loans. I was wondering what arrangements were made.

Hon. Mr. Aseltine: My brief does not appear to cover the details of the arrangements made with these companies, but I assume that they pay interest for the money.

Hon. Mr. Macdonald: I understood that Central Mortgage and Housing Corporation paid the banks an agency fee for getting the loans.

Hon. Mr. Aseltine: I will obtain definite information on that point and give it to the house later.

Hon. Mr. Lambert: Honourable senators, may I say something that bears on the relationship that the Central Mortgage and Housing Corporation has to this operation? I assume that the corporation will continue to perform the function it has performed

during at least the last two years of guaranteeing mortgage loans to the banks; that the amount will be increased by the amount paid under this bill, and that the media through which those loans will be placed will be banks or other lending agencies such as insurance companies. Am I correct in assuming that that is the situation?

Hon. Mr. Aseltine: I have drawn up some of the mortgages myself in my office, and originally when a bank made a housing loan there was a guarantee against a certain amount of loss in connection with the making of the loan, if I remember correctly.

Hon. Mr. Macdonald: But that is not under this section of the act.

Hon. Mr. Aseltine: No. This section has to do with lending agencies. I am afraid I shall have to get more information on it.

Hon. John T. Haig: Honourable senators, I would like to make a few remarks on this bill. My experience in connection with the act is confined to Winnipeg, but I think honourable senators will find that there will be no change from the way in which this money was loaned before the banks came into the picture. A building contractor has to satisfy the local office of the Central Mortgage and Housing Corporation at Winnipeg—or wherever it happens to be—that he has the equipment, the organization and the experience necessary to build houses. I know that some four or five years ago a contractor had to show the local representative what he was doing before the latter would consider recommending him for a loan under the act. The representative would continue to inspect the buildings and follow the matter through. As I understand it, this is still the practice. I am not referring to smaller loans by individuals but to bigger loans made by special housing loan companies.

Hon. Mr. Aseltine: You are not referring to limited dividend companies?

Hon. Mr. Haig: No, although actually they do the same thing. The lending agency inspects the buildings and insures that they are built according to specifications. My office has acted for a number of contractors, and the procedure in applying for a loan is for the contractor to submit plans and specifications to the local office of the Central Mortgage Corporation for approval, show the local representative some houses he has built, and assure the representative that he has the money or can get the necessary credit from the bank to finance part of the construction. One young man in my office had the job of showing the contractors through the various steps in applying for a loan. Sometimes the corporation would refuse a loan, saying: "This contractor has not had sufficient experience. We don't think he can do the job." The system has worked very well in Winnipeg.

As far as I understand, there is no new system of dividends. Local contractors in Winnipeg are building a number of apartment blocks under this legislation. They are allowed only a certain percentage on the money they have put into it, and they cannot get any more out. They talk about dealing with an agency. It is not exactly an agency. It is a question of a man offering to do the work, and if his offer is accepted he becomes agent in carrying out his instructions under the act. His profit is made on his building. For instance, supposing he gets a contract for a certain amount, there is an agreement to make a loan for that amount, and then the purchaser has to put up so much. That is the way it is done; at least, I know that is the way it is done in Winnipeg.

Hon. Mr. Lambert: Honourable senators, I should like to have the position of the banks clarified in relation to this provision, and to know whether or not this $750 million will cover services apart from the services the banks are rendering now. I presume from my honourable friend's remarks that that is so.

Hon. Mr. Aseltine: With leave of the Senate, I should like to give some information that I obtained since these questions were asked. The information is to the following effect:

Under the agency agreement between Central Mortgage and Housing Corporation and the approved lender, the latter receives, for making and advancing the loan, a fee of $100 for each loan made in respect of a house other than to a builder and $90 for each loan made in respect of a house to a builder. Smaller amounts are paid in respect to multiple family dwellings. A fee of one-half of one per cent per annum on the principal outstanding of ownership loans and one-quarter of one per cent in respect to loans for rental housing is also paid to the approved lender for administering the loans.

Normally the non-recurring cost to Central Mortgage and Housing Corporation for each application to place an ordinary insured loan is one per cent of the amount of loan, after taking into account the application fee paid by the borrower. The agency fees involve approximately an additional one per cent.

On this basis the total agency loan commitments of $260 million would involve processing costs to Central Mortgage and Housing Corporation of approximately $2.6 million, and fees to lenders representing a further $2.6 million. As the principal of the loans is in public funds, the interest yield of course accrues to the Government to offset these costs.

I hope that information will be of assistance.

Hon. Mr. Pouliot: Honourable senators,—

The Hon. the Speaker: Honourable senators, I suggest that the proceedings be now suspended. It is past 5.45 p.m., and I am informed that His Honour the Deputy of His Excellency the Governor General has arrived.

Hon. Mr. Pouliot: May I speak first, please? Honourable senators, I would ask the Leader of the Government (Hon. Mr. Aseltine) and the Leader of the Opposition (Hon. Mr. Macdonald) if they would be agreeable to adjourning the debate until Tuesday evening instead of Monday evening, because it was understood at first that the house would adjourn until Wednesday. It would be very convenient if that could be arranged.

Hon. Mr. Aseltine: I am very sorry that I cannot accede to the honourable gentleman's request. The minister has requested me to bring the bill before this chamber and have it disposed of at the earliest possible moment.

Hon. Mr. Macdonald: Honourable senators, I move adjournment of the debate.

Hon. Mr. Aseltine: Before we adjourn during pleasure, I should like to revert to motions, so that I may make a motion with regard to adjournment.

The Hon. the Speaker: Would the honourable leader kindly defer that until after the royal assent?

On motion of Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the royal assent to the following bill:

An Act for the temporary extension of seasonal benefit periods under the Unemployment Insurance Act.

Hon. Roland Michener, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

ADJOURNMENT

Hon. Mr. Pearson: Honourable senators, I ask leave to revert to motions.

With leave, I move that when the Senate adjourns today it stand adjourned until Monday, May 19, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned until Monday, May 19, at 8 p.m.

THE SENATE

Monday, May 19, 1958

The Senate met at 8 p.m., the Hon. Arthur M. Pearson, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

GOVERNMENT PUBLICATIONS

DISTRIBUTION TO MEMBERS OF PARLIAMENT—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, I rise on a question of privilege affecting honourable members of Parliament, and particularly the honourable members of this chamber. Since 1930, when I came to Ottawa as a member of the House of Commons, members of Parliament have been sent various Government publications, and if any further are required all one has to do is write the Queen's Printer. After all, we represent sections of the people in the province from which we come, and I think most honourable members will agree with me that to carry out our duties successfully we require certain informative bulletins which are issued from time to time by the Government. Of late, when lists have been sent out from the printing bureau, we have been asked, if we were interested in any of the publications listed, to mark the list and send for them. I had occasion to send for three, one of which, having to do with fisheries, I particularly wanted. I have been informed by the Queen's Printer, and I suppose every other honourable senator has been similarly informed, that I cannot have these publications unless I pay for them. Let no one say that I do not want to pay for them because I happen to have been born in Scotland. I am raising this question of privilege entirely on principle. It may happen that when one of these lists is received by some honourable senator he may be absent from home—out of town or perhaps in hospital. Because one does not put a mark in front of items on the list, and return it, is a member of Parliament now to be denied the bulletins he requires?

I know it may be argued that this practice is adopted for reasons of economy. But how can one be violating the idea of economy if 500 to 5,000 copies of a certain bulletin are lying down at the Printing Bureau and as a member of Parliament—a member of the Senate or the House of Commons—you write and ask for a copy? Yet you are told you must pay for it because you did not put a little cross opposite the name of the bulletin on the list of publications a few days before or after the publication or bulletin was issued by the Queen's Printer. I am protesting with all seriousness against this practice, for I can see the time when we will perhaps have to take off our hats every time we go into some of these government offices. We could in time become mere puppets. Many of the new honourable senators may not realize what I am fighting for but, after all, as senators and members of Parliament we have a place in this country's affairs and have certain duties to perform, and we cannot always perform them successfully unless we have access to some of these bulletins and publications. Last Tuesday I asked when we might expect to receive a copy of the Gordon Commission's Report, and the honourable Leader of the Government (Hon. Mr. Aseltine) was good enough to send me his copy. In the meantime I had sent to the Queen's Printer for a copy of this report and, lo and behold, I got it on Friday. I am wondering why they didn't say to me, "You have no right to have it. You should pay for it because you didn't mark a cross before the name of the report when the list was issued."

Honourable senators, I am placing this matter before the Leader of the Government to tell him that the rights of members of Parliament are being encroached upon. This is a far more unfair ruling than the one made last year regarding stationery, for many of us can get along with little stationery. But it is a different matter when you come to publications printed by the Queen's Printer, which contain information that should be available to us so that we may be able to pass it on to the people in our ridings or districts. We might get a list and see some document that we do not wish to have at the moment, but perhaps three weeks later someone living in our riding or province may write and ask a certain question regarding it. Then we write to the Printing Bureau and are told, not by the Government, but by an official, that we cannot have it unless we pay for it. I am protesting as strongly as I can, and ask if we cannot go back to the old plan which has existed ever since I came here, whereby when senators want a document they can send for it and obtain it. If a bulletin or document were out of print, I do not think anyone would protest and ask for it to be re-printed. I am sure that if the Printing Bureau said they were sorry, that a document was out of print, that explanation would be accepted. But when there are hundreds and thousands of copies down there, and they say, "You cannot have it unless you pay for it", I say that we should not stand for that.

Hon. Mr. Aseltine: I can assure the honourable senator the matter will be looked into. I did not know there was any ruling to the effect that he has mentioned. It would seem to me that so long as any document asked for is in supply and not out of print, every honourable senator should be able to obtain a copy. I will look into the matter and see what can be done about it.

Hon. Mr. Crerar: I think the honourable senator from New Westminster (Hon. Mr. Reid) will find that this is a regulation of Treasury Board.

Hon. Mr. Reid: Well, we should not submit to Treasury Board.

NATIONAL HOUSING BILL

SECOND READING

The Senate resumed from Friday, May 16, the adjourned debate on the motion of Hon. Mr. Aseltine for the second reading of Bill C-10, to amend the National Housing Act, 1954.

Hon. W. Ross Macdonald: Honourable senators, when the house met last Friday and discussed this bill for a short time, a number of questions were asked of the Leader of the Government (Hon. Mr. Aseltine), and I understood that he was to get the information and let us have it this evening. Is the information available now?

Hon. Mr. Aseltine: I think I have the information. The Leader of the Opposition (Hon. Mr. Macdonald) asked why dwellings constructed under the agency arrangement cost less than those built by insured loans. In my remarks on Friday I said that houses built under agency loans had been built at lower cost than those built under insured loans. I gave the number of square feet in the average insured loan house and in the average agency loan house, and explained that there was less square footage in the latter. However, that did not fully answer the question which the honourable senator asked me. The answer to his question is that in the agency loan houses cost less because quite a number of frills were left out that were included in buildings erected under insured loans. For example, some insured loan houses had extra bathrooms, some had two fire places, and in some cases there was a garage as well as a carport; in other cases there was an automatic combined sink, or a built-in refrigerator, or a sun deck over a garage, and sometimes there was built-in furniture. The agency loans were made subject to a limitation on those frills, so the agency loan houses were built cheaper at less cost than the others.

Honourable senators, as far as I know that was the only question that was asked me that I did not answer on Friday. I answered the other question with regard to the manner in which these agency loans were made, and stated the fee paid to the lender. All that information will be found in last Friday's *Hansard*.

Hon. Mr. Macdonald: I was under the impression that I had asked about the difference between a loan under the National Housing Act generally and a loan under section 22 (1) of the act, which the bill amends.

Hon. Mr. Aseltine: I am quite willing to give you that.

Hon. Mr. Macdonald: As I understand this section, its purpose is to make money available for direct loans in smaller centres to provide money for limited dividend companies to build houses and to finance construction of rental houses for workers in primary industries. Now, I must admit that I do not see the difference between applications for a loan under this section of the act and applications under other sections of the act.

For instance, if I want a loan where do I go? Say I go to a bank. I presume the bank, if it is lending money on houses, will advance me a certain sum of money to build a house, and that loan is insured to the bank. Then the house will be built in the usual way. Of course, first of all the plans are prepared, as well as the specifications, the contract is let and the house is built by a contractor, advances being made as the building progresses. But why do I get a loan, an insured loan, from the bank and not a loan directly from Central Mortgage and Housing Corporation, as provided by this bill?

I also understand, according to what was said on Friday, that if I go to a bank and receive a loan under the section which is being amended by this bill, the bank is paid a commission by Central Mortgage and Housing Corporation for placing that loan. What I would like to know is, who decides whether the loan which I am to receive, for a small house, is to be advanced to me under the provisions of this section of the act or under the provisions of the act respecting insured loans?

Hon. Mr. Haig: There is an answer to that.

Hon. Mr. Macdonald: There is no doubt an answer to it, but I have not received it yet. I was thinking about it when the matter was being discussed last Friday, but apparently I did not ask the question.

Honourable senators, this bill is for the purpose of increasing the amount of money to be placed at the disposal of Central Mortgage and Housing Corporation for the granting of loans for the erection of houses

under the provisions of section 22 (1) of the act. The amount originally provided for this purpose under the act was $250 million. And may I say that this original grant was made by the former administration: indeed, the bill we are considering tonight is to amend an act passed by the former administration. This is not something new being brought forward by the present administration.

As I say, the original amount was $250 million, which was later increased to $400 million. I understand that with the exception of a small amount, that sum has now been placed in loans, and for that reason it is urgent that the bill be passed as soon as possible so that house building operations can continue. The bill proposes that the $400 million already granted be increased by a further sum of $350 million to be distributed by way of mortgage loans.

Honourable senators, this sum should build quite a few houses. But it will do more than build houses: it will create employment for a lot of people; it will also use a lot of lumber that is piled up in the lumber yards throughout the country. These are good objectives, and I am in favour of the bill and will certainly support it. But I think we should be aware of the fact that the Government is bringing forward this bill not so much to alleviate the housing shortage in the country, as to give employment. I believe that is the admitted reason for bringing forward the bill at this time.

Hon. Mr. Quinn: A pretty good reason, too.

Hon. Mr. Macdonald: A very good reason. I was about to say it is a two-edged sword, but a two-edged sword does damage: rather, it is the opposite, in that it does good in two ways. Its effect will be to meet the need for housing and at the same time to give employment, and the security to the country is good.

One phase of the matter that does concern me is with respect to the advancing of money for the building of small homes. I sometimes wonder if we are not building too many small homes in Canada. I would ask the Leader of the Government to inform the house, if he can, of the size of houses which will be built by the new loans. It is quite all right for a young couple who are just starting off to have a house consisting of a livingroom, diningroom, kitchen, a bathroom and one bedroom; but, it is not long before they need at least two bedrooms. It seems to me there are too many houses now being built with only two bedrooms. As I travel across the country on trains I notice, particularly on the outskirts of every city and community, a great many apparently small houses with not more than two bedrooms.

Honourable senators, this size of house is all right if the present and future generations are to be one or two-child families. But do you think the Government should encourage the building of so many small homes? More houses are necessary, but let us not fill up the country with one- or two-bedroom residences. Large families are contributing much to the development of our country. I believe children have a better chance to meet successfully the problems of the world if they have had some competition in their homes with a number of brothers and sisters. Although I am going to vote for this bill, I hope that under it not too many two-bedroom houses will be built.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, may I be permitted to add a few words. In Quebec, through our credit unions, we have had quite a bit of experience in house building. At the present time our credit unions have outstanding loans amounting to more than $225,000,000. Our difficulty is that the low income earner, because he finds building costs too high, is inclined to build too small a house. As my leader (Hon. Mr. Macdonald) said, a five-room house will do nicely for two people; but for a family, experience has shown that it takes a seven-room house. Such a house can rarely be built for less than $11,000, unless you join a housing co-operative, when it is possible to reduce substantially the cost of the land and of construction. But co-operatives are not possible everywhere. They are practically impossible in some centres. Mind you, I am not criticizing the act; on the contrary, I approve of it, but it might possibly be improved. To prove that I am in favour of the act, I would like to refer to my 1957-1958 annual report for the *Fédération des Caisses populaires Desjardins*. This is what I had to say:

> We believe that one of the best ways of solving the unemployment problem is to promote as far as possible the building of private homes and to facilitate ownership. The construction of buildings and houses opens up a market for lumber and for all the materials that go into construction, for all the accessories which make a home more pleasant and more comfortable, such as refrigerators, electric stoves and washing machines, etc., and finally, for the furnishings of a home.

Building is the industry which needs the most varied types of workers and which gives the whole country the most stable employment. Moreover, house building spreads employment over the whole country while, in the case of large public works, employment

is restricted to one locality. The act was passed in 1954 under the former Government and due credit should be given to it for this initiative. The present Government wants to pursue this wise course. This act is a social security measure. What the population needs most in the way of social security—I have repeated it many times—is family security, a roof over the family's head. And when a man buys a piece of land to build himself a house, and thus becomes an owner, that little piece of his native land becomes all his own, and his love for his country grows deeper. At present, the main problem is that building costs are too high for the wage earner in the $3,500 bracket. According to the latest statistics, the average family income is barely more than that. In the case of a loan for a $10,000 house repayable in 25 years, at 6 per cent interest, repayment is at the rate of $64 a month, plus insurance, maintenance and taxes, which add another $20 at least, or a total of $84 a month. Well, the man who earns only $70 a week can hardly pay $84 per month. That is the problem. The Quebec Government allows the owner of a new home costing up to $8,000 a rebate on the interest charges amounting to 3 per cent of the amount of the loan. Thanks to this financial help, the wage earner in the $3,500-$3,800 bracket can manage to balance his budget. Economists say, and experience has shown, that you should not spend on housing per month more than you earn in one week. In our credit union housing loans, we provide for the continuity of the loan, so that even if the head of the family passes on, the family need not lose its home overnight. In the event of death, the balance of the loan is paid by the insurance. Some may think that this 2 or 3 per cent interest payment may be too heavy a charge on the Government. In theory, it may represent a little over $2,000 for an $8,000 loan. But statistics show that nearly 25 per cent of the beneficiaries of 25-year loans die before complete repayment. In those cases the insurance takes over and there is no more interest to be paid or guarantee to be given. The premium for this type of insurance comes to 5 cents per month per $100, but it is reduced with every $100 repaid. Thus, people of small means are enabled to have their own home. I make these few suggestions for the benefit of the proper authorities. Larger corporations refuse to venture in the smaller centres, where the insurance companies have no inspectors. They want to lend where they can easily look after their investment. The Credit Unions, on the other hand, cover about all types of centres. We have granted loans to people in the Magdalen Islands, and we have had no trouble. Repayments are being made there as well as, if not better than, elsewhere, for as we have local branches there, supervision is greatly facilitated. As I said a few moments ago, we have developed this lending system. Credit Unions have over $225 million in outstanding loans, and they have loaned a total of one billion dollars in the last 25 years. If we have succeeded, it is because we have discarded the system of repayments on a yearly basis, which did not work out very well, in favour of a monthly repayment plan. It is the most economical and social way to help our lower income groups to buy their own home and to ensure their happiness.

(*Text*):

Hon. Thomas Reid: When the honourable Leader of the Government (Hon. Mr. Aseltine) speaks, will he answer two questions in addition to those which have already been propounded to him? Before putting those questions, may I say that although in principle the bill before us is the same as that which was introduced by the previous Government, it would seem to embody certain changes of policy. I noticed that when, this year, the minister was explaining this bill in the other place, he pointed out that stress is placed on the loaning of money for the building of homes, and that a prime purpose of the bill is to provide employment and work, —objects with which all of us are in agreement. But I would like to know why there seems to be discrimination now against the building of properties consisting of apartments which would be available for rent to persons who, for one reason or other, may have been forced to sell their homes. I have in mind particularly people up in years who, owing to higher assessments and increased municipal taxes, find it now almost impossible to carry on their old homes and are looking for apartments to rent. I know that in the district from which I come rental homes for the aged are becoming extremely common. At this point I would like to correct a statement made by a C.C.F. member in the other house who, repeating a statement made years ago when wartime houses were being built, said that these houses would one day bring about slum conditions. I have always maintained that that view was entirely wrong.

It is not buildings which bring about slum conditions, it is people.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Reid: I would like to show some of the C.C.F. members these housing projects which some years ago they predicted would be slum areas. They are now beautifully landscaped with flower gardens, green grass and trees growing all around. But the C.C.F.ers still point their fingers at these newly proposed projects today and claim that they will become slum areas. They are always looking at the wrong side of a picture. I just could not help making this comment at this time.

I am just wondering, though, about the matter of discrimination. If the object of this legislation is to encourage employment, then I am sure we are all for it. But why discriminate now against rentals? I know nothing much has been done by municipalities to take advantage of the housing situation, for many municipalities are almost broke. The provincial Government of British Columbia, following similar action taken by the provincial Government of Alberta, has compelled its municipalities to increase taxation to 60 per cent of the previous year's selling value. The provincial Government has loaded this financial responsibility on the municipalities, and it has done this to save itself from paying out certain revenues. The result has been that many people have decided to sell their homes and move into rental accommodation. I can vouch for this fact because many people have come to me and said: "Tom, we are going to sell. We can't pay the taxes any longer. We are looking for a place to rent." New rental accommodation is in great demand and is popular with couples, particularly older folks who receive a total of $110 a month in old age pension. They find they can just about get by.

The second point I wanted to raise has to do with interest rates. If interest rates have been reduced generally by banks and other lending institutions why is the Government now charging 6 per cent on its housing loans? That may not sound like a large interest rate to some, but you must bear in mind that if a person, after making his down payment, has a mortgage of $10,000 on his home, he will have to pay $50 a month in interest alone. Of course, this amount will decrease gradually throughout the amortization period, but at the beginning of the loan term a greater percentage of the payments will apply on the interest. I differ somewhat with those who claim it is going to save us from communism if we enable our people to own their own homes under Central Mortgage and Housing Corporation. I wonder if they really see the picture clearly today? There was a time when ambitious industrial workers and others, through their own efforts and unassisted by Government legislation, were eventually able to acquire their own homes. That sort of thing was not uncommon, but today we have become a great state institution for building houses. God help this country if a recession ever takes place. Despite all the millions of dollars Canada has paid out on housing, no Government would ever dare foreclose on the people who live in these houses. Some people talk about the wonderful independence a person has when he owns his own home. It is true that these people are getting homes, but some of the houses I have seen may have to be rebuilt in 30 years' time. They will not last like the old-time houses have. I say this without fear of successful contradiction, for I have examined many of them.

Honourable senators, in closing I want to say that I am particularly interested in those two questions: why is the Government, in amending the legislation, frowning on rentals, and why is it still charging 6 per cent interest on housing loans?

Hon. G. Percival Burchill: Honourable senators, I want to make just a few brief comments on this legislation. Every member of this chamber must be fully conscious of what the National Housing Act has meant for Canada, the construction of thousands of homes for our people. I am sure there is not a town or city from the Atlantic to the Pacific which has not shared in the benefits of this legislation. However, great as those advantages have been, there is a considerable segment of our population which has not shared in them. I refer to the low income workers—particularly those in my section of Canada—who are as anxious today as they have been for many years to find some means of buying a home. I am sure that every honourable senator from the Maritime provinces would recognize these people and would agree with me that they have not the necessary cash to acquire a house of the type and description which have been built in large numbers throughout Canada in the past few years. They would like a house such as was described by the honourable Leader of the Government (Hon. Mr. Aseltine); they would be satisfied to move into an unfinished three-bedroom house which they could complete themselves to specifications laid down by Central Mortgage and Housing Corporation. I would consider that such a house would not cost more than $6,000.

I suppose to honourable senators who come from rich urban centres $6,000 would seem to be a very small amount to put into a house.

But in our section of the country we have been working on plans, which we hope will be accepted by C.M.H.C., whereby partially finished three-bedroom homes, equipped with all the necessaries for family living, will be made available to low income workers on the understanding that they will finish them to specification as time goes on.

It would be surprising, too, honourable senators, to know the interest which such a proposition has commanded in many sections of the Maritime provinces, and the number of demands and inquiries as to how these people can be accommodated. The plans have been approved by the central office but had to come here to Ottawa for final approval, and it is my hope that that approval will be given. My only purpose in rising is to say that I do hope some of the funds which will be made available under this legislation will be earmarked to take care of those low income people who compose a large section of the population who want houses in my part of Canada.

Hon. Wishart McL. Robertson: Honourable senators, I have no particular comments to make on the bill, in support of it, but I would ask the honourable leader (Hon. Mr. Aseltine) if he has any information as to comparative costs of building, and also if the Government has any expectation that between the time this money is provided and used private industry and the loan companies will come in and supply capital in greater quantities so that the Government will not find it necessary to do so? It seems to me that 6 per cent on a government guaranteed loan is a very favourable return. As far as I know, the loan companies have a plethora of money, and it is difficult for me to understand why the Government has to provide money at so high a rate of interest when there are, I should think, such favourable circumstances for loaning.

Hon. John J. Connolly (Ottawa West): Honourable senators, today in the mail two documents were received by all of us. Unfortunately, I did not have much opportunity to look at either of them before the house assembled this evening. Both were sent by Central Mortgage and Housing Corporation, and I think they were extremely illuminating as background material for this legislation. The honourable gentleman who has just spoken (Hon. Mr. Robertson) asked for comparative building costs. On page 40 of one of these pamphlets entitled *Canadian Housing Statistics,* is a very interesting study on building costs, to which I would refer the honourable gentleman. In the Twelfth Annual Report of Central Mortgage and Housing Corporation, at page 39, there is a rather interesting set of statistics, showing the number of housing units completed from 1935 to 1957. Those years, perhaps, are rather significant in a political way, but I do not refer to it for that reason. I do so only because that is the way the figures are given in the booklet. I think it is worth while taking note of the fact that in those years 422,344 housing units were completed under the various housing acts—and there were three of them—but there were 1,161,374 units completed by financing which was not provided under the housing acts. In other words, three times as many housing units were completed by what presumably would be private money than by money provided through these various housing acts.

Hon. Mr. Vaillancourt: *Caisses populaires?*

Hon. Mr. Connolly (Ottawa West): *Caisses populaires* may be a good example, and of course the other normal lending agencies, insurance companies, private funds from administrators of estates, and so on.

Hon. Mr. Lambert: May I ask the honourable gentleman if these loans were not guaranteed by Central Mortgage and Housing Corporation?

Hon. Mr. Connolly (Ottawa West): That is not the way I read it. I think these statistics show the number of houses completed under the various housing acts, in one column, and the number of housing units completed by money supplied by private agencies, in another column.

Several honourable senators have referred to the interest rate proposed to be charged under this legislation. I notice that on page 12 of the annual report of Central Mortgage and Housing Corporation, the following appears:

> Operations under the National Housing Act in 1957 were affected by amendments to the Act, by changes in the Regulations, and by Government policy.
>
> Maximum interest rates on loans were increased by one-half of one per cent on January 22, 1957. This resulted in rates of 6% for home-owner, home conversion, rental, farm, and home improvement loans, 5¼% for employee rental housing built by primary industry, and 4¼% for limited-dividend rental housing (Order in Council P.C. 1957-90). In October, the interest rates on primary industry and limited-dividend loans were further increased to 5¼% and 4½% respectively.

There was some discussion about this matter in another place on Friday last, when the minister in charge said:

> The yield on the 20-year theoretical Canada bond as of the beginning of May was 4 per cent. If the rate were currently being prescribed the statute would permit the present rate of 6 per cent to be

raised to 6¼% per cent, but the bond rate under the act as of May 1 was 4 per cent; the rate to be taken into account.

It seems to me that when the original rate for loans under the National Housing Act was set about a year or more ago, it was set in relation to long-term Government bonds, and I understand that the prices and the yields on those bonds have fallen in late months rather appreciably. I would like to put this question to the Leader of the Government (Hon. Mr. Aseltine): Has the formula under which the interest rate has been set for these loans changed in any material way? Six per cent does seem to be a rather high rate, because the cost of money is falling, and generally long term Government bond rates and yields are falling. I do not ask the honourable leader to try to get the information tonight, but perhaps he could have it at our next sitting.

Hon. Calvert C. Pratt: Honourable senators, just to assist in clarifying one or two points, I have been looking through the books that were referred to a moment ago by the honourable senator from Ottawa West (Hon. Mr. Connolly) sent to us by Central Mortgage and Housing Corporation. A question was asked concerning the relative costs of construction. On page 40 in the booklet *Canadian Housing Statistics* it is shown that in 1954—I take that year as an example—the average construction cost per square foot of single family dwellings financed under the National Housing Act was $9.61; and that cost figure rose to $10.48 per square foot in 1957, an increase of about 9 per cent. Comparing the figures for 1955 and those for 1957, we see the increase shown in that interval is about 7 per cent.

A point was raised by my honourable friend from New Westminster (Hon. Mr. Reid) with reference to the interest rate being charged by the corporation on loans. I notice in the annual report for 1957 the corporation shows interest earned under the housing acts to a total of $16,674,426, which left a net income transferred to reserve account—after paying all expenses, deduction for interest on borrowings and so forth—of $1,017,512. That figure is arrived at after a deduction for estimated income tax of $970,000. I just do not know why a corporation, acting in a capacity such as this, being a public body, is obliged to take into its costs, and therefore provide in its interest charges, an amount for income tax. It may be because of a desire not to discourage other interests engaged in this business, and if so, that may be a very proper reason. But anyhow, there is not a very great opportunity for this corporation to reduce its interest rates based on the experience of the last two years.

I would just like to say that I have a very great appreciation of the work done by Central Mortgage and Housing Corporation. I know it does not always function in every way as everyone of us would wish, but that is of course understandable—it cannot please everybody, it cannot meet every contingency. But on the whole I think it is very well handled, as far as one can see. I do hope, though, that in the province of Newfoundland its operations will become more extended. I think that is also the hope of residents of other provinces, the smaller provinces particularly.

In Newfoundland the greater part of the corporation's activity is in St. John's and the St. John's area. There is a very great need for more assistance of that nature for the lower income people located around the island. I know there is difficulty about making loans in very remote places, but there are numerous places I am sure where these facilities could be granted. I hope it won't be long before they will be extended so they will be of greater general benefit to our people than at present.

Hon. Norman P. Lambert: Honourable senators, reference has been made already to the two reports of Central Mortgage and Housing Corporation which have come to us today in the mail, and I naturally wonder if it is the intention of my honourable friend the Leader of the Government (Hon. Mr. Aseltine) to table these reports, in keeping with the requirement of the Central Mortgage and Housing Corporation Act that the annual report and accounts be tabled within fourteen days of their receipt by the minister. That being the requirement, would it not be in order to suggest that this whole question be referred to the appropriate standing committee of this house to inquire further into the corporation's financial statements and the need for additional housing under the supervision, at least, or the guarantee, of the corporation? The annual report shows on its balance sheet assets of $733 million, with a corresponding amount on the liability side.

From year to year since 1945 additional undertakings have been made by Central Mortgage and Housing Corporation and carried through to meet the demands of the times. One has often wondered just what the financial position is with respect to the mortgages and how many of them are beginning to get to the point where they should be paid off, or what the liability is in connection with them.

Hon. Mr. Aseltine: I have that information.

Hon. Mr. Lambert: I am glad to hear that, because I think that it is an important aspect of this whole business. If these documents

have to be tabled before we can discuss them, then I would suggest they be tabled as soon as possible and made the subject of a further inquiry before the appropriate committee of this house.

Hon. Donald Cameron: Honourable senators, I would like to ask the Leader of the Government (Hon. Mr. Aseltine) whether there is any intention, when this new money is made available, to permit the National Housing Act to be used for building university residences. There was some discussion last winter to the effect that section 16, which seemed to be the appropriate section, might be modified in such a way that universities could be looked upon as limited dividend corporations and National Housing Act funds made available to them.

If the plans are not advanced to where that can be done with this new money, my second question is: Does the Government contemplate making such an amendment to the act in the near future?

Some honourable senators will recall that on December 3 last I dealt with the subject of the university residence situation in the course of an address I made in the Senate. At that time I had completed a survey of Canadian universities, in which I had asked for the number of residence rooms at each university, the number of students living in residence, the number living at home, and the number living in boarding houses. About 60 per cent of the institutions gave me the information I asked for.

Just to show how serious the situation is, I would like to give again some figures showing what the picture is now and what it is likely to look like 10 years from now with the increased enrollment in universities. The number of residence rooms in those universities replying to the questionnaire was 6,663; these rooms accommodated 7,570 students. It was estimated that 50 per cent of the total university population of 85,000, namely 42,500, lived at home, and the remainder, approximately 35,000, lived in boarding houses of varying degrees of quality. It is generally accepted that university enrolment will increase substantially, and probably will double in the next ten years. If that is so, the university student population in 1968 will be approximately 200,000. The intentions to build, as given last November by the universities, indicated that the amount of student residence accommodation might be doubled. That was a very optimistic estimate at that time. In other words, by 1968 we might be able to accommodate in the university residences some 15,000 students. On the basis that 50 per cent of the students would be living at home, there would be 100,000 living in their homes, which would leave 85,000 students in boarding houses.

I would suggest, honourable senators, that this is one place in which the Central Mortgage and Housing Act and the National Housing Act could be put to exceedingly constructive use, and I hope that before long plans will be made by the Government to make possible the use of the funds granted under the National Housing Act for the building of university residences.

I need not stress to a group like this honourable body the great contribution to the total educative process that is made by the opportunity for students to live and work together in a residence. A student who has not had the advantage of living in a good residence misses a great deal in his university career. I would suggest, therefore, that we do something about it at the earliest possible moment.

In closing, may I say that I think the accomplishments under the terms of the National Housing Act have been very fine, but I would like to support my colleagues from Northumberland-Miramichi (Hon. Mr. Burchill) and St. John's West (Hon. Mr. Pratt), who have said there is one big gap in the program at the present time, namely, the need for houses for people in the low income bracket. I see no reason why we should not take steps at an early date to bring these people under the act as well.

Hon. A. Neil McLean: Honourable senators, I have one or two suggestions to make for the consideration of the Leader of the Government in connection with this bill.

I notice that the money that is proposed to be used as loans for house building will come from the consolidated revenue fund. I agree with other honourable senators who have said that 6 per cent interest rate is out of line with present day conditions, if the rate is not going to be flexible.

In connection with the Beechwood Power project legislation, which was at a low interest rate, and a small commission charge for the bookkeeping, I asked whether, if the interest rate to the federal Government went down, the rate on the loans would be flexible, and I was told that it would be.

We know that when the Governor of the Bank of Canada and the ex-President of the New York Stock Exchange, now President of the United States Federal Reserve Bank, started putting the bank interest rate up, it took several months—almost a year—for it to permeate our economic system. The same thing will happen when the rate goes down, if my experience serves me right. The rate is being steadily lowered. Those who were responsible for putting the rate up are now

going to cover as fast as they can. We see the New York Federal Reserve Bank rate is down to 1¾ per cent, and is around 2 per cent here. As I say, it will take some months for the effect of the change to reach us, but certainly the interest rates are on the skids.

Therefore, I do not think we should tie the small man or the small householder up for the next 10 or 15 years to pay 6 per cent. We are going to see the federal Government borrowing at less than 3 per cent before a year or two goes by. It is a noble undertaking for a man to build his own home, and I think the rate the householder pays on borrowed money such as this should be flexible and in keeping with the rate at which the Government borrows money. There may be a considerable margin there, and millions of dollars will go to the middlemen if we are not careful.

Hon. W. M. Aseltine: Honourable senators,—

The Hon. the Acting Speaker: Honourable senators, if the honourable Leader of the Government (Hon. Mr. Aseltine) speaks at this time he will close the debate.

Hon. Mr. Aseltine: —I wish to thank all honourable senators who have spoken on this bill for the great amount of interest they have shown in it. I will do my best to answer the various questions that have been asked, and probably to explain things a little more fully than was possible in the short time at my disposal last Friday.

May I say first that this measure has nothing whatsoever to do with insured loans. Perhaps I should tell honourable senators something about insured loans with a view to showing the difference between an insured loan, which is more or less guaranteed by the Government, and the agency loans under which this money now being provided for will be placed.

Insured loans are made by the lending companies with their own money. They pay an insurance premium of 2 per cent to Central Mortgage and Housing Corporation. The companies get a guarantee that if default occurs, and they make a claim and deliver possession of the vacant property, Central Mortgage and Housing Corporation will pay them 98 per cent of the principal outstanding, plus legal disbursements and an acquisition fee of $125, together with interest in part. The interest formula covers full interest on the mortgage for six months, plus interest for 12 months at the rate covered by the mortgage, less 2 per cent. That is an insured loan, and it is entirely different from the agency loans we are now speaking about.

The money to be provided under this bill will be used for the following purposes. One, to finance pending obligations which have been made or were made just as the funds were running out and therefore could not be dealt with.

Hon. Mr. Hugessen: How large is the amount of these pending obligations in excess of the money available under existing legislation?

Hon. Mr. Aseltine: I am not sure whether the honourable senator's question will be answered by this statement: the applications which it was not found possible to take up were returned to the lending companies, which picked up three-fourths, or 75 per cent, of them; the remaining 25 per cent are back again for Central Mortgage and Housing Corporation to deal with; and the money to be provided under this bill will be used, first, for this purpose.

Hon. Mr. Macdonald: I do not want to interrupt the honourable gentleman, but can he tell us why 25 per cent were sent back?

Hon. Mr. Aseltine: The companies were not in a position to lend the money.

Hon. Mr. Macdonald: The lending institutions have ceased lending money: is that so?

Hon. Mr. Aseltine: No, for they lent money in respect of 75 per cent of the applications. They sent back 25 per cent because, I assume, they were short of funds.

Hon. Mr. Macdonald: But the security was just as good, was it?

Hon. Mr. Aseltine: Yes, certainly.

Hon. Mr. Hugessen: Then how much is represented by the 25 per cent that has come back?

Hon. Mr. Aseltine: That is, how many loans?

Hon. Mr. Hugessen: No, the total aggregate amount.

Hon. Mr. Aseltine: In dollars?

Hon. Mr. Hugessen: Yes. There was available $400 million, and we are now asked to increase it to $750 million.

Hon. Mr. Aseltine: All of the $400 million except $7 million or $8 million has been used up. I am sorry I did not get the significance of the honourable gentleman's question.

Hon. Mr. Macdonald: As I understood the question of the honourable senator from Inkerman (Hon. Mr. Hugessen) it was, what is the amount in dollars of the 25 per cent of applications which have been returned, and on which loans are pending?

Hon. Mr. Aseltine: At the moment I cannot give that figure.

Hon. Mr. Macdonald: Perhaps the honourable gentleman can advise us before third reading.

Hon. Mr. Aseltine: I was explaining that the money to be made available will be used (1) to finance these pending applications; (2) for direct loans by Central Mortgage and Housing Corporation to (a) limited dividend companies for low rental housing—I explained in my remarks on Friday last what limited dividend companies are—(b) to primary producer companies for rental housing for employees; and (c) to individuals, mostly living in small centres, who have been unable to secure loans in the ordinary way. To recapitulate, this money is intended, first, to finance the pending applications; second, for direct loans; third, as residual loans available in all centres to builders or individuals who have been unsuccessful in obtaining loans from lending companies.

The answer to the question asked by the honourable senator from Inkerman (Hon. Mr. Hugessen) is, $12,500,000.

Hon. Mr. Hugessen: Thank you.

Hon. Mr. Aseltine: In answer to the question of the honourable Leader of the Opposition (Hon. Mr. Macdonald), size limits under the agency arrangement were, mostly, 1,050 square feet, with three bedrooms, whereas the insured loan, on the average, has been much larger. That is to say, the dwellings built under the insured loans are usually much larger, running to 1,500 square feet or more. The size of the typical home has been growing for some time, and the agency limit of today was the average of insured loans three years ago, and is therefore substantially above the typical size of 1947,—of which, I assume, the honourable Leader of the Opposition was speaking, and which was only 839 square feet.

Hon. Mr. Reid: What is meant by "the agency"?

Hon. Mr. Aseltine: I explained all that on Friday. Does the honourable senator want me to go back into that again?

Hon. Mr. Reid: No, I will look it up in *Hansard*.

Hon. Mr. Aseltine: Next, perhaps, I should refer to the interest rate. I thank the honourable senator from Ottawa West (Hon. Mr. Connolly) for referring to the report, which I received at the same time he did, but which I have not had much opportunity to peruse. The honourable senator from Ottawa West said that section 6 of the National Housing Act provides that the Governor in Council may prescribe the maximum rate of interest payable by a borrower, and that such rates shall not exceed the interest rate on long-term Government bonds by more than two per cent, in respect of loans for house building; but approved lenders have the right to apply a lower rate than the maximum, and on occasion have done so. As at the beginning of the month, the yield on a twenty-year theoretical Canada bond was 4 per cent, compared to 3.94 per cent a month earlier. If, therefore, a rate were being currently prescribed, the statute would permit the present maximum rate of 6 per cent to be raised to 6¼ per cent. Ten years ago it was 4½ per cent. Joint loans were made, with the Government contributing one-fourth and the lender three-fourths of the loan. But that is not being done any more. The reason the rate has not been lowered is that ordinarily on an investment such as a bond the interest rate is 4 per cent, and in some cases more; and I understand, from what took place in the other chamber and from what I have been told, that the Government fears that if the interest rate were reduced by any substantial figure the supply of mortgage funds would dry up.

Hon. Mr. Macdonald: Those are private mortgage funds?

Hon. Mr. Aseltine: Yes; and the Government does not want that to happen, because it wants to get out of this lending business as quickly as it can. It expects that the money we will vote under this bill will last for quite a long time.

Hon. Mr. Connolly (Ottawa West): It is expensive money.

Hon. Mr. Aseltine: I am sorry I cannot give any more information with respect to the interest question which has been asked of me.

Hon. Mr. Connolly (Ottawa West): Thank you.

Hon. Mr. Aseltine: Before I leave this point I should like to add that where loans are advanced from public funds the statute specifies that the terms and conditions, including interest, must be the same as for insured loans. I believe I already answered the question with regard to rental housing when I stated that loans for rental housing are fully available under this insured system we have been speaking about. Under the agency loan system, loans for rental housing had to be suspended in February because funds were running out. There was the insured system and the agency loan system, and the homes under the latter system have had to be suspended on account of the fact that funds were running out. That is why this money is needed.

The honourable senator from Shelburne (Hon. Mr. Robertson) asked me what the policy of the Government was with regard to a certain matter. I just forgot the point for the moment.

Hon. Mr. Robertson: I think perhaps the honourable Leader of the Government has referred to it himself. I asked whether the Government was hopeful that private industry would step into the breach and supply this money so that the Government might not have to.

Hon. Mr. Aseltine: I think I have dealt with that.

Hon. Mr. Robertson: Does it expect that may happen?

Hon. Mr. Aseltine: Yes; in fact it hopes this money will last a long time and that the majority of these loans will be picked up by investment corporations.

Hon. Mr. Robertson: The other question I asked was as to costs in 1958 compared with those in 1957.

Hon. Mr. Aseltine: I think the honourable senator from St. John's West (Hon. Mr. Pratt) gave us that information. The cost is up.

Hon. Mr. Robertson: The report, quite properly, is for the year 1957, but I was wondering if the Government had any estimate as to how costs this year would compare with those in 1957. That information would not be in this report.

Hon. Mr. Aseltine: I do not think I have any information on that now, but if I can find out I will give the answer on third reading. I might say for the information of honourable senators that the number of housing starts has accelerated considerably. Here are the figures for 1956-57 and 1957-58. The total starts for the period July 1956 to March 1957 were 75,521, whereas the total starts for the period July 1957 to March 1958 were 90,853, an increase of 20 per cent. So I think the progress being made is quite admirable indeed, and with this money being made available much greater progress will be made in the months to come.

An honourable senator asked a question with regard to how these loans were working out, whether they were in arrears or not. Approved lenders reported 263 insured mortgages in arrears, the equivalent of three or more monthly payments as of March 31, 1958. I think that is a very satisfactory statement.

Hon. Mr. Connolly (Ottawa West): Out of how many outstanding?

Hon. Mr. Aseltine: I think that is on all mortgages outstanding.

Hon. Mr. Connolly (Ottawa West): I know, but how many?

Hon. Mr. Aseltine: It does not seem to be a very high figure.

Hon. Mr. Lambert: Has the honourable leader the total amount that that would represent?

Hon. Mr. Aseltine: It represents .17 per cent of insured mortgages approved and is the same percentage of loans in arrears to approvals as reported by approved lenders as at March 31, 1957.

Hon. Mr. Connolly (Ottawa West): Thank you, that is the answer.

Hon. Mr. Aseltine: Some of these questions are rather difficult, you know, for a person who—

Hon. Mr. Connolly (Ottawa West): You are doing well.

Hon. Mr. Robertson: You are doing fine.

Hon. Mr. Connolly (Ottawa West): You don't need to apologize.

Hon. Mr. Macdonald: Has the honourable leader got the figures with respect to loans under this section of the act?

Hon. Mr. Aseltine: I am quite sure that I gave those figures to the house on Friday. There have been practically no foreclosures. Approved lenders acquired title to 16 properties only. I would say that is quite a satisfactory situation.

Hon. Mr. Macdonald: Does that figure include any property acquired by Central Mortgage and Housing Corporation?

Hon. Mr. Aseltine: These are by approved lenders, the ones working under the premium which gives them a guarantee.

Hon. Mr. Macdonald: But has C.M.H.C. taken possession of any houses?

Hon. Mr. Aseltine: I cannot say, but I am quite satisfied that the number is practically negligible.

I do not know how to answer the honourable senator from Banff (Hon. Mr. Cameron), who asked if it was the policy of the Government to extend the act to meet the problem of shortage of student residences at universities. The pressing thing which confronts us right now is not so much the building of residences for university students as the building of homes for the ordinary man in the low rental group who cannot possibly afford to build a home of his own. I am afraid, therefore, that the university residence question will have to stand in abeyance, for the present at least. However, I assure the honourable senator that I will bring the

matter to the attention of the Government with a view to seeing what can be done.

The senior senator from Ottawa (Hon. Mr. Lambert) said that perhaps this bill should go to a committee. I would have no objection to that, but at this moment I do not think it is possible to take enough time to do so. This is an emergency measure, and the minister is very anxious that it be passed by both houses in order that the money can be made available, for the reasons I have mentioned. I assure honourable senators that on every occasion when it is possible to send a bill of this kind, or, indeed of any other kind, to a committee, I shall be glad to do so, but in this particular case I would like to see the bill passed without being sent to a committee. As a matter of fact, the committees are not yet set up, and if we were to wait until we can refer this bill to the Banking and Commerce Committee, say after the chairmen of the various committees have been chosen, and so on, passage of the bill might be delayed until next week. I know the minister is very anxious that it receive the royal assent tomorrow if possible.

Hon. Mr. Dupuis: May I ask the leader if the bill could not be discussed by the Committee of the Whole House immediately?

Hon. Mr. Aseltine: I could not answer any more questions in the Committee of the Whole House than I have already answered.

Hon. Mr. Dupuis: An officer of the department could be called in.

Hon. Mr. Aseltine: I do not think that would be satisfactory in this particular case. Later on we might have a debate on the whole housing question; it seems to me that could be arranged. I assure honourable senators that I have done my best to answer all questions that have been asked of me. If there are any others that require to be answered I will be glad to do so tomorrow on third reading.

Hon. Mr. Crerar: May I ask my honourable friend if it is his intention to send this bill to a committee?

Hon. Mr. Aseltine: I have just dealt with that at great length.

Hon. Mr. Crerar: I am sorry, I was not here. The important point is, is the bill going to a committee?

Hon. Mr. Aseltine: No. It is so urgent that we would not have time to send it to a committee, for the committees are not yet set up.

Hon. Mr. Crerar: I thought the committees were already set up, according to the record of *Hansard*.

Hon. Mr. Aseltine: The chairmen are not yet chosen, nor the quorums arranged.

Hon. Mr. Crerar: Well, surely the committee could meet and appoint a chairman *pro tem*. I wish to enter a protest against a refusal, or a reluctance, to send this bill to a committee. After all, what are we doing by this proposed legislation? We are putting an additional charge on the consolidated revenue fund of $350 million, and surely that is a matter of some consequence. I certainly wish my honourable friend well, and at the proper time I shall offer him some congratulations, but I think that a measure which puts an additional charge of $350 million on the revenue is worth some consideration by a committee of this house.

Hon. Mr. Aseltine: The principle of this bill was fully decided upon when the measure was before the house last November, when the amount was raised to $400 million. The present measure is just a continuation of the situation and put men to work and keep them working. I did not propose to send the bill working. I did not propose to send the bill to a committee.

Hon. Mr. Baird: You do not need to.

Hon. Mr. Aseltine: That is all I know about it.

Hon. Mr. Golding: Question.

Motion agreed to and bill read second time.

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

Hon. Mr. Aseltine: Next sitting.

Hon. Mr. Macdonald: Honourable senators, may I ask if it is the intention of the Government to obtain the royal assent to this bill tomorrow?

Hon. Mr. Aseltine: Tomorrow at 5:45 p.m., if possible.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 20, 1958

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

Prayers.

CENTRAL MORTGAGE AND HOUSING CORPORATION

REPORT TABLED—REFERRED TO FINANCE COMMITTEE

Hon. W. M. Aseltine: Honourable senators, I beg to lay on the table the report, in French and English texts, of Central Mortgage and Housing Corporation for the year ended December 31, 1957, as required by section 33, subsection (3) of the Central Mortgage and Housing Corporation Act.

I now wish to make a motion with respect to it which, I hope, will satisfy all honourable members. With leave, I move, seconded by the honourable senator from Lumsden (Hon. Mr. Pearson):

That the report of Central Mortgage and Housing Corporation for the fiscal year ended the 31st December, 1957, be referred to the Standing Committee on Finance for consideration and report.

Honourable senators, I would like to say a word on this motion now. It appeared last night from the debate which we had on Bill C-10, to amend the National Housing Act, 1954, that a number of senators would like to have the whole matter of housing fully investigated with respect to the past, present and future, and to have the National Housing Act itself looked into. The purpose of my motion is to give the work of this inquiry to the Standing Committee on Finance, which would call officials of the Central Mortgage and Housing Corporation and any other witnesses it might desire to hear. The committee would in due course submit a report to the Senate, following which we could have an all-out debate on the housing question. I feel that this would be a fine piece of work for the Senate to carry out. I am sure that if the motion passes everyone will be satisfied in a general way, and it will result in bringing to this chamber a great fund of information which we probably do not have at the present time and which will be extremely helpful to all of us and to the country at large.

Hon. W. Ross Macdonald: Honourable senators, I am quite in accord with the motion. In fact, last night I was very anxious that the bill should be referred to a committee. Nevertheless, I realized that if that were done it could not possibly get to the committee until tomorrow, with the result that the bill would be reported back here at the earliest tomorrow, and possibly not until Thursday.

In reply to a question yesterday the honourable leader (Hon. Mr. Aseltine) stated that Central Mortgage and Housing Corporation had only $8 million on hand to provide for any contracts which might come forward for approval; in fact, I think he said there were many contracts awaiting approval. Ordinarily, the bill should have gone to a committee, but I think honourable senators realize why this course was not followed. The leader was kind enough to inform us, in the early part of last week, of his proposal that the Senate would adjourn on Wednesday afternoon until Wednesday this week. That turned out to be impossible; but when he made that proposal to me he mentioned—and I must take some of the responsibility for the decision that was made—the question of when the committees should be set up. I told him I thought there would be plenty of time to do that this week. However, legislation did not come from the Commons as quickly as we had expected, and we could not adjourn on Wednesday. We sat on Thursday and Friday and re-assembled on Monday instead of Wednesday. Under the circumstances, it was impossible to have the committees set up yesterday. I thought, therefore, that it would be advisable for us to give the bill second reading last night, and third reading today, in order not to hold up work on many houses which are about to be started.

Honourable senators, I think the leader's motion is an excellent one. Any of the questions which it is intended to ask of officials of the Central Mortgage and Housing Corporation concerning this bill can be asked when the corporation's report is being considered by the committee.

There is one request I would make of the committee, and that is that senators who are not members of the committee be given every opportunity not only to attend the meetings but to ask questions just as freely as if they were members of the committee.

Hon. Mr. Aseltine: And I think the proceedings should be reported.

Hon. Mr. Macdonald: I was just going to suggest that. The committee will be doing a very important work, and I think its proceedings should be reported, and the reports distributed as soon as possible, not only to the public generally but to members of the house. We are all interested in the housing question and it seems to me that the honourable leader's motion provides a good solution of the problem which bothered us yesterday when the bill was not referred to committee.

Hon. A. K. Hugessen: Honourable senators, like my honourable leader (Hon. Mr. Macdonald) I welcome very warmly the motion made by the Leader of the Government (Hon. Mr. Aseltine). I think it is an excellent thing that he should suggest that a committee of this house should consider this extremely important report that we have just received. After all, it deals with the lives and the homes of many hundreds of thousands of Canadians.

I have always felt that there are large departments of Government, such as Central Mortgage and Housing Corporation, which are doing a very valuable work but as to which there is not sufficient publicity or information available to the general public.

I recall that at one time when the honourable senator from Churchill (Hon. Mr. Crerar) was chairman of the Finance Committee we divided between us in that committee the work of examining the activities of various departments of the Government, and to me that was a very salutary and a very useful exercise. I found, and I think the members of the committee found, that the departmental officials were only too glad to have the opportunity of appearing before a committee of this house and explaining to the committee the work that they were doing. They do not often get that opportunity. The other place, for reasons of its own, has not sufficient time to devote to these things, and it seems to me an admirable idea that the Standing Committee on Finance of this house should take up and consider this most interesting report of the Central Mortgage and Housing Corporation, and examine into the workings of a department of the Government which, as far as I know—and I think it is the general impression—is doing a most admirable work for the people of Canada.

Hon. T. A. Crerar: Honourable senators, my contribution will be a very brief one. I myself welcome very heartily the motion that the Leader of the Government in this house has put forward. The matter is an important one, and I would hope that when the committee comes to inquire into the operations of the Central Mortgage and Housing Corporation it may be permitted to inquire a little further as to the need of the bill that we put through last evening. What that bill did was increase the charge on the Consolidated Revenue Fund by $350 million. This was represented—and I want to keep well within the facts—as an emergency measure, based theoretically on the idea that there is a great mass of unemployment in the land, that it is important for the Government to take action to mitigate the effect of this unemployment, and that this was one method of doing it.

There is here a rather fine distinction that I think should be drawn to the attention of honourable senators. Is this provision of an additional $350 million a measure for the promotion of housing for the betterment of Canadian people, or is it more in the nature of an unemployment relief measure? In my opinion it is important to maintain that distinction, because there does not seem to me to be very much evidence at the moment of any drastic shortage of housing in Canada.

If we go on building new housing by the tens of thousands a year, we are possibly going to create a situation where the owners of existing housing, who may want to dispose of it, will find themselves handicapped in doing so. There must be a reasonable balance held in this respect. For myself, I am bound to say that I do not think there is the unemployment problem, or any serious consequence from unemployment, that some of our newspapers and publicists try to give the impression there is. We can get some facts in relation to this, and we should have them.

That is why I welcome the motion put forward by the Leader of the Government in this house. While it may not be strictly within the purview of the committee to examine into the need for all this additional housing, I hope that sufficient latitude will be given the committee to do that—

Hon. Mr. Aseltine: It will be wide open.

Hon. Mr. Crerar: —so that we can examine the report and see how effectively the housing corporation has done its work. My own view is that it has, on the whole, done it efficiently and well. However, it is important to pay some attention to the warning held out by the Minister of Finance a week or so ago when—if he was correctly reported—he urged that the corporation should not aim to supplant ordinary leaders for this class of work.

These days we do seem to be getting more and more extensions of government—shall I say, interference, with the ordinary course of our affairs. It has, I think, developed to quite an alarming degree, because ultimately if the Government is going to take the responsibility of building all the houses for people, of looking after them when they are ill, providing for them when they are unemployed, then the question is bound to be raised in some minds whether that is consistent with the maintenance of what we call our democratic freedoms. They do that sort of thing in Russia, and they do it pretty efficiently; but, at any rate at present, I am very far from

being an advocate of the Russian system, either in practice or by implication.

Hon. David A. Croll: Honourable senators, I had intended to speak to the bill when it came up for third reading, but in view of the statements made by the very distinguished senator from Churchill (Hon. Mr. Crerar) I think it would be interesting to the house to know that there are points of view other than his on the same subject.

I was not here on Monday to speak on this matter, because I got my signals mixed a bit, but I read the debate and thought it contained a considerable amount of painstaking questioning, very well answered.

To my mind the bill is a good one, for it helps the man who needs help, and helps him now. It has two purposes: first, to provide housing; second, to give employment.

The provision of homes for the Canadian people is, and will long continue to be, vitally important. The need for homes will be continuous, especially because of the increase in our population, and particularly as regards low-cost and low-rental housing. So far as the employment feature is concerned, if there is anyone in this house or in the other who is not concerned with the condition of unemployment in this country, he is out of touch with realities. It is a serious matter, and anything we can do to alleviate it we ought to do. In this connection house construction has been a great help.

I am not going to discuss the shortcomings of the bill, because that matter will be dealt with in due course in committee. But it is interesting to note that at present Central Mortgage and Housing Corporation is financing four out of five houses; and it is trying to meet the need for long-term money on a large scale. It is not meeting very well the need for cheap money, but that also will be a matter before the committee.

I think the house should take note of the fact that the Government, through Central Mortgage and Housing Corporation, is becoming the main source of funds for home construction. Government lending in this field is becoming more and more the normal thing; as a matter of fact it is becoming a way of life. I recognize that in the past mortgage funds were regarded as an exclusive field for private enterprise, but the Government has now entered the private enterprise field. Two reasons occur to me. The first, of course, is that of national security. Everybody agrees that such matters as atomic planning and equipment, Arsenals, and Polymer Corporation are proper and appropriate governmental undertakings. The second reason for Government action in spheres such as this is to meet a social need where there is a vacuum. In our welfare state vacuums are not permitted, and if the field has been abandoned by private enterprise the Government must, as in the past, enter and fill it.

Historically, as I have said, the provision of conventional house loans belongs to the lending institutions. But it is interesting to note—to give honourable senators two brief examples—that 40 years ago there was a great demand in this country for personal security, which had not been met, with the result that the then Government brought in the Annuities Act. In doing so the Government entered a sphere in which no one else wished to participate. The work of the Annuities Branch became bigger and better, and met with increasing appreciation. Some of us here remember that 10 years later, I believe in 1929, the farmers of this country were unable to obtain loans for their land, livestock, equipment and improvements; so the Farm Loan Board came into existence. Since that time Government intervention has occurred in dozens of various forms to serve social purposes. As a matter of fact I could very well say to the house, "You name it, and we have it, or we think we almost have it."

It was, as I recall, in 1951 that the Government decided to make direct loans through the Central Mortgage and Housing Corporation. It began its work under rather extraordinary circumstances. Workers on defence projects were accumulating in industrial areas. It was hard to hold them. They needed homes; they needed them quickly; and mortgage companies would not lend money for building in these new districts. So the Government made direct loans to defence workers. After that beginning, it continued to fill this vacuum, and, now, of course, we are in the direct loaning field with both feet. It is a field which no Government in the future can vacate. Neither this nor any other Parliament would permit it, now or at any time hereafter. It would be politically unhealthy. Nowhere in recorded history can I find an example of a Government, after initiating a social measure, abandoning it. I am not too greatly worried about the lending institutions. They have only themselves to blame. Whatever suffering they incur as a result will be from self-inflicted wounds.

The study which is to be made by the Finance Committee will be a very interesting one. We shall have occasion to use the information so obtained; for, whether at this session or the next, the Government will be back for more money, and we shall grant it. It is inevitable that Central Mortgage and Housing Corporation will issue its own securities—perhaps in the not too distant future—

and go directly to the public for investment money. If it doesn't go in a primary position it will at least go in a secondary position and, so, today while discussing this housing measure we find a repetition of what happened yesterday. The Government is continuing to spread its wings in the fields of social endeavour. This will mean it will provide more and cheaper money and it will build more and cheaper homes. This will provide more security to the householder and give employment to our people in and out of season. I like the prospects of the Government occupying that field. That is why I like the bill.

I also like the idea behind the motion that has been placed before this house, for a thorough study of this very competent C.M.H.C. report, in order that we may more thoroughly discuss this matter at some future time. When amending legislation comes before us seeking more money, as I think inevitably it will, we will be able to discuss the matter in a more intelligent manner.

Hon. Mr. Aseltine: I do not wish to get into an argument with my honourable friend from Toronto-Spadina (Hon. Mr. Croll), but my information with regard to the percentage is not the same as his. Central Mortgage and Housing Corporation, according to my information, financed only about one-half of the housing starts. This has been true only in the past few months. Last year under the National Housing Act one-third of the housing starts were financed.

Hon. Mr. Croll: I might say that I made my notes today, and took them from *Hansard* or some other record, I am not sure which.

Hon. Mr. Aseltine: I suggest that the committee look into the matter.

Hon. Mr. Croll: Yes.

Motion agreed to.

STANDING COMMITTEES

QUORUMS REDUCED

Hon. Mr. Hawkins, Chairman of the Standing Committee on Finance, presented the committee's first report, recommending that its quorum be reduced to nine members.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hawkins: Next sitting.

Hon. Mr. Macdonald: Honourable senators, the report merely contains a recommendation as to the quorum for the committee. I understand a number of similar reports having to do with the quorums of our various standing committees will be presented this afternoon. I attended the meetings of these committees this morning and I understand that the quorum set up for each is the same as it was last year. It occurs to me that instead of postponing consideration of these reports until next sitting, we could consider and adopt them now.

The Hon. the Speaker: The honourable Leader of the Opposition suggests that they be adopted right away?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Hawkins: With leave of the Senate, I move that the first report of the Committee on Finance be adopted now.

Motion agreed to.

The first report of each of the following standing committees, presented by or on behalf of its chairman, recommended that its quorum be reduced as follows:

The Committee on Transport and Communications, (Chairman, Hon. Mr. Hugessen), quorum nine members.

The Committee on Civil Service Administration, (Chairman, Hon. Mr. Cameron), quorum seven members.

The Committee on Public Health and Welfare, (Chairman, Hon. Mr. Veniot), quorum seven members.

The Committee on Immigration and Labour, (Chairman, Hon. Mrs. Wilson), quorum seven members.

The Committee on Tourist Traffic, (Chairman, Hon. Mr. Horner), quorum seven members.

The Committee on Canadian Trade Relations, (Chairman, Hon. Mr. McLean), quorum seven members.

The Committee on External Relations (Chairman, Hon. Mr. Lambert), quorum seven members.

The Committee on Natural Resources, (Chairman, Hon. Mr. Vaillancourt), quorum nine members.

The Committee on Standing Orders, (Chairman, Hon. Mr. Bishop), quorum three members.

The Committee on Banking and Commerce, (Chairman, Hon. Mr. Hayden), quorum nine members.

The Committee on Miscellaneous Private Bills, (Chairman, Hon. Mr. Bouffard), quorum seven members.

The Committee on Internal Economy and Contingent Accounts, (Chairman, Hon. Mr. Brunt), quorum seven members.

The Committee on Debates and Reporting, (Chairman, Hon. Mr. Davies), quorum three members.

The Committee on Public Buildings and Grounds, (Chairman, Hon. Mr. Dessureault), quorum five members.

On motions, made with leave, the reports were severally adopted.

CENTRAL MORTGAGE AND HOUSING CORPORATION

CORRECTION OF STATEMENT

On the Orders of the Day:

Hon. Mr. Croll: Honourable senators, before the Orders of the Day are proceeded with, may I be allowed to correct a statement I made a few minutes ago that Central Mortgage and Housing Corporation was financing four out of five homes under current construction. The Leader of the Government (Hon. Mr. Aseltine) said he had different figures, and I find they are right. I had misread my notes, and should have said mortgages were financing four out of five homes under current construction. I have trouble reading my own writing.

Hon. Mr. Aseltine: You are forgiven!

NATIONAL HOUSING BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-10, to amend the National Housing Act, 1954.

Motion agreed to, bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
Ottawa

May 20, 1958

Sir,

I have the honour to inform you that the Honourable Patrick Kerwin, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 20th May, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,

J. F. Delaute,
Secretary to the Governor General,
(Administrative).

The Honourable
The Speaker of the Senate,
Ottawa.

Hon. Mr. Aseltine: Honourable senators, I move that the Senate do now adjourn during pleasure, to resume at the call of the bell, at approximately 5.45 p.m.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the royal assent to the following bill:

An act to amend the National Housing Act, 1954.

The House of Commons withdrew.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 21, 1958

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

Prayers.

Routine proceedings.

EMERGENCY SITTINGS

AUTHORITY TO CONVENE SENATE DURING ADJOURNMENT

Hon. W. M. Aseltine: Honourable senators, I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Macdonald):

That, for the duration of the present session of Parliament, should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses registered with the Clerk of the Senate, to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

He said: Honourable senators, this is the usual motion that has been presented within the first two weeks of the opening of a session of Parliament as far back as I can remember. Its purpose is to authorize the calling of honourable senators together if, during any period when we have adjourned because the work on our Order Paper has been completed, it is necessary to re-assemble prior to the time fixed at adjournment.

Motion agreed to.

NORTH AMERICAN AIR DEFENCE COMMAND

CANADA-UNITED STATES AGREEMENT

Hon. Norman P. Lambert: Honourable senators, may I take this opportunity of asking the Leader of the Government (Hon. Mr. Aseltine) if he can give any indication to the house of whether the NORAD agreement will be tabled and become a subject of discussion here, as in the other house?

Hon. Mr. Aseltine: Honourable senators, this report has not yet reached me; if and when it does, I shall table it. In the meantime, I will make inquiries and see about the matter.

Hon. Mr. Macdonald: I think it was tabled here a day or so ago.

Hon. John J. Connolly: From an item on page 54 of the *Minutes of the Proceedings* of the Senate it appears that the agreement was tabled here on Monday last.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of His Excellency the Governor General's speech at the opening of the session.

(Translation):

Hon. Gustave Monette moved:

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

To His Excellency the Right Honourable Vincent Massey, Member of the Order of the Companions of Honour, Governor General and Commander-in-Chief of Canada. May it please Your Excellency:

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

Hon. Senators: Hear, hear.

Hon. Mr. Monette: Honourable senators, it is for me a great honour, and one of which I feel quite unworthy, to move the Address in reply to the Speech from the Throne, which was delivered at the opening of this Parliament by his Excellency the Right Honourable Vincent Massey, Governor General of Canada.

My first wish is to express my deepest appreciation to the Leader of the Government, the honourable senator from Rosetown (Hon. Mr. Aseltine), for having entrusted me with this duty.

At this moment, we all recall with some emotion the memorable day, on October 14, 1957, when for the first time in our country's history, our Sovereign came in person to open the Canadian Parliament. It fell to a woman to fill this historic role and our minds and hearts retain a vivid memory of the visit of our Gracious Queen, Elizabeth II, who was both so impressive in this regal function and so great in her endearing humanity.

That happy event, which filled one of the requirements of our Constitution, brings to mind the notice given in the Speech from the Throne by His Excellency the Governor General of the forthcoming visit to Canada of Her Royal Highness, Princess Margaret, the dearly beloved sister of our stately Sovereign. Everywhere in our country a feeling of deep sympathy and respect awaits this charming Princess, whose very human nobility is a credit to the realm.

And so, true to its destiny, Canada is achieving a better understanding of the boon of a hereditary royal family, which is established by constitutional tradition above the legitimate ambitions and strivings of parties, which is respected and admired as such abroad and which rallies within the country the co-operation of all its citizens in the

pursuit of the national objectives set out and enacted by a parliamentary government responsible to the people.

The Speech from the Throne indicates that the Government intends to carry out a legislative program which is far-reaching both in the importance of the subject-matters mentioned and in its foreseeable consequences. May I be permitted to bring a few of its aspects to the attention of honourable senators.

First of all, I wish to point out the wide program of social and economic security.

These last few years, Canada has entered, without being quite aware of it at first, but to an ever-increasing degree, into a period of diminishing prosperity, followed by a recession that soon threatened to become a serious depression. By a striking coincidence, the same situation was developing, simultaneously and even becoming more pronounced, in the United States of America.

From the end of the war to the last three or four years, our country, however, had experienced an era of prosperity, astonishing in many respects. Credit must be given to whom credit is due.

Great manufacturing plants were established in our cities and towns, from coast to coast. Out in the country, around the small and large centres, farmers were lured by wages that made them scorn the slender returns from the ancestral land. Despite the assistance of governments, particularly the provincial governments, agriculture was partially abandoned. At the same time, it seemed necessary to carry out an intensive program of immigration, from a humanitarian point of view with regard to the many unfortunate victims of communist oppression and by reason of that great economic development which seemed such a godsend.

Naturally, the house-building industry experienced an unprecedented, yet at all times inadequate, development, so great was the necessity of providing accommodation for the ever-increasing number of new Canadian families.

But such prosperity was not without its risks. Great production and commercial companies increased very rapidly. Due to the system of interlocking joint stock companies, known as parent companies, subsidiary companies and sister or associated companies, an enormous volume of investment capital brought in by our neighbours, and indeed our most powerful competitors, contributed not only to the growth of our commercial and industrial economy, to the development of our natural resources, but also to the export of our raw materials. Meanwhile, on the whole, we were importing more and more foreign manufactured products; many were necessary, it is true, but a great deal were intended merely to satisfy our hunger, legitimate perhaps, for excessive comforts and luxuries.

As a matter of fact, economically, politically and internationally speaking as well, we were following full steam ahead in the wake of the most powerful Western nation, our neighbour to the South, who since the last war, for the sake of its own security and that of the United Nations of course,—though having in view its own tremendous development,—was dragged along with its partners, in a stupendous race towards what was and still is the very survival of democratic states, of human, civic and religious freedoms, threatened by the octopus of communism.

We are not yet out of danger. Some countries of the Western bloc and some outstanding statesmen, such as the Marquis of Salisbury, are concerned with the exact meaning of the international policy of the United States in regard to the critical situation between East and West, to the crisis in Indo-China, in the Near East, in Egypt, in the Arabian States and in North Africa.

In the meantime, however, the too great economic interdependence between the Western countries, especially between Canada and our mighty neighbour to the South, has compelled us to reappraise our way of thinking and to take a second look at the situation.

Our economy and our national policies as well, though closely tied to those of mighty America, must not be dominated by them. It is only fair that we should remain masters of our own decisions instead of being inevitably swayed by the rigid workings of economic complexities. That does in no way imply unfriendliness, but we wish to maintain between our two nations friendly relations based on the respect of each other's rights. Indeed, the United States and Canada share with England and France so many dear and glorious memories, that it is inconceivable that the good will and the respect we have toward one another could come to an end. As for us, Canadians, in order to work toward the common good and to give our full measure of co-operation, we must remain masters of our political decisions, we must be completely free to adjust our economic relations so as to improve our ever-increasing unfavourable commercial balance. We must, on the one hand, freely control, even prohibit if necessary, the excessive inflow of foreign capital in our industry; on the other hand, we must be in a position to expand our trade with all countries without interference from any quarters which might be looked upon as worthy of proponents of the law of the jungle.

Sincerely wishing that true friendly and fair relations be maintained between our country and our allies, we enthusiastically

welcome the visit which Mr. Eisenhower, President of the United States, will make to Canada in the near future.

Under these circumstances, the first step was to remedy the situation at home. The head of the Government, the Right Honourable John G. Diefenbaker, introduced in both houses, in October, 1957, during the first session of our new Parliament, a widespread program of social security measures, in the form of increased pensions to our senior citizens, to the sick and to the disabled, to needy mothers, as well as relief benefits to the unemployed and to our veterans.

Furthermore, he announced that plans for a large-scale public works program were being drawn up in order to relieve and check unemployment, and at the same time in order to open up our northernmost frontier and develop our immense resources. In the meantime, a significant drop in the registration of job-seekers had been noticed in employment offices.

The honourable members of both houses, conscious of their social and political duties, passed the proposed legislation and, finally, at the general election of March 31 last, the Canadian people clearly endorsed this legislation and the implementation of this far-reaching program.

The important undertakings mentioned in the Speech from the Throne are geographically distributed over our whole country, with emphasis laid on its northern section. May I point out a few:

(a) The survey and development of our mineral resources in the islands of the Arctic Ocean, in the far north;

(b) The building of a railway as far north as Great Slave lake, with the aim of promoting national development on our northern frontier and establishing manufacturing plants on a really economic basis in the Northwest Territories;

(c) The building of roads needed for development in the Yukon, the Northwest Territories and the provinces, with the cooperation of their Governments;

(d) The construction of the South Saskatchewan project, with its dams and great reservoir in the heart of the prairie, in order to further the productive development of this part of Canada;

(e) And finally, the establishment of a Harbour Commission to combine the harbours of Fort William and Port Arthur and to equip this Lakehead basin with the facilities needed to handle the larger traffic to be expected as a result of the opening of the seaway; indeed, we must not lose sight of the fact that in addition to the above, the deepening of the St. Lawrence—from its headwaters to Montreal and especially in the Montreal section—is proceeding rapidly in order to give our great water way the required depth to accommodate ocean-going ships.

In brief, this is a tremendous adjunct to the economic and rational opening of our country from its northernmost boundary to the sea.

Honourable senators, an important point to note is the fact that the trend of this development and of the commercial and industrial movement which will result is partly in a north-south direction as far down as the Great Lakes where it joins the St. Lawrence, and thence eastward to the Atlantic. It is hoped, therefore, that our trade will expand through wholly Canadian channels toward the ocean and to foreign countries, as well as to those of the commonwealth. We shall, therefore, enjoy a much greater independence in the economic field, and thus the hope so long cherished by our greatest statesmen, irrespective of parties, will be fulfilled.

In this connection, the announcement of the Commonwealth Economic and Trade Conference to be held in Montreal next September is most significant and promising.

The plan announced by His Excellency to increase immediately the public funds made available under the National Housing Act has already been implemented. The interesting and harmonious debate to which it gave rise in this chamber reflects the desire of honourable senators to devote to its consideration the best of their attention and experience, in order to find solutions most favourable to the national interest.

His Excellency, in the name of the Government, also announced that unremitting efforts will be made to sell our agricultural products in the markets of the world. Our farmers are thereby greatly encouraged. The passing, at the last session, of the Agricultural Stabilization Act has shown them that their Government means to remain in close contact with them in order to maintain a system of reasonable support prices. They are very gratified about it. The same is true of the act to provide cash advances on farm-stored grain. Such a policy is of great encouragement to the farmers and, as well, most helpful to the general economy.

I feel bound to make some reference to the relaxation which has taken place since the last session in the tight money policy with regards to loans in Canada. This reversal of policy awakens the hope that the financing of important public works may be undertaken by the central, provincial and municipal governments; furthermore, it seems to have removed in a large measure the danger of returning inflation.

Note should also be taken, in the economic field, of the announcement that there will be established a section within the administrative machinery of government to provide liaison between the Government and small businesses, in order to provide them with justified assistance.

All these important plans of development and assistance have awakened throughout the country the hope that excessive unemployment will gradually diminish and stop and that the signs of depression will disappear. But we must, I believe, give credit to the Government for having at this time strongly recommended in the Speech from the Throne, to all classes of the population, to be mindful of the danger of inflation and of the need and even the duty to restrict any demands or plans which might tend to cause a rise in prices and production costs.

It has been suggested, and rightly so, that our estimated expenditure in this field is enormous and even reaches a new high. Nevertheless, the most imperative duty of governments is to watch over the physical and moral conservation of its human capital. To govern is to foresee. A great Christian philosopher has claimed that, in order to maintain his moral values, man must enjoy an honest sufficiency. We must not allow poverty to take root among our good people and to cause them to lose the intellectual and moral values which constitute our greatest asset.

During boom periods the people favoured by birth and fortune, endowed with intelligence, boldness, knowledge and even with luck, are laden with success and material wealth. Consequently, when an economic crisis arises, it is their duty to cut down on comforts and their legitimate desires, and to put up with the taxes necessary to give back to the suffering masses of society a part of what they have received from them. In return for the boom of prosperity we must, when necessary, cope with deficits in our economy. Honourable senators, I trust that from the bottom of our hearts we all wish to alleviate the present unfortunate condition which is the lot of too great a number of workers, and above all to see that it does not get worse and does not last too long.

I would like to say but one word about the tense international situation. We all rejoice that in the Speech from the Throne the Government did not close the door on serious discussions with great or small nations, at the summit or at lower levels, in order to seek means to maintain peace throughout the world. We do appreciate even more the fact that our Government does not intend to declare war against foreign countries, without very serious reasons. The economic and social legislation program already mentioned is a guarantee in this respect. It is useless to wage war outside the country if our own house is not in order: *Parvi enim sunt foris arma, nisi consilium domi.*

But the danger of a world war is ever present. The whole world is divided into two rival camps of imponderable strength; they are distrustful and sometimes even suspicious of each other! It is possible nevertheless that both sides are quite sincere. But until we are better informed, we must be ever on the alert. That is why the Speech from the Throne, with the utmost moderation, in spirit as well as in word, reflects the wish expressed by the people of so many nations, that the tremendous scientific developments be used to promote the welfare of mankind rather than warfare and war implements. And of course, it also expresses the need of maintaining suitable armed forces to prevent and deter all nations from any possible aggression. We must thank the Government for its sense of measure in dealing with so delicate a matter.

Actually, the danger of war is ever present. Indeed, there always have been unjust conflicts, dishonest and barbaric ventures. But also, there have been honest and human statesmen who held sincere but divergent opinions about the necessity of some grave conflicts, which each belligerent believed justified and to be defensive wars. Let us ask God to give to all nations the necessary wisdom so that we shall not witness in this atomic age the incredible cataclysms which could destroy the whole world created by Providence for our happiness.

Honourable senators, in my closing remarks, I wish to point out, with an admiration that I beg you to forgive, a noteworthy characteristic of the head of the present Government, the Right Honourable John G. Diefenbaker. It has been said about him, and we who sit to the right of the Speaker—and especially those of us who come from the province of Quebec hold this view—that the Right Honourable Prime Minister has never made anywhere in Canada, during his political campaigns, whether he was in opposition or in power, a speech that he could not have repeated in any other province. Nowhere has he appealed to prejudice that would have been condemned elsewhere. He did not believe he should speak to the French and Catholic population of Quebec or of any other part of the country in different terms, as far as political and social principles were concerned, from those which he used when addressing Canadians of different religions and cultures, or even new Canadians. For that we want

to congratulate and thank him. In so doing, he not only rendered justice to the English provinces and to Canadians of all extractions, but in Quebec he respected our pride in the belief that our religious aspirations and our Latin culture could not be considered in any other section of the country as an obstacle to the development throughout the country of really Canadian political sense.

Honourable senators, may I, in addressing this tribute of admiration to my leader, express my deep esteem and my profound sympathy to his predecessor, the Right Honourable Louis St. Laurent, who felt he should withdraw from the direction of his party and from political activity. He represented in the eyes of his province and of the whole country the essence of honour and, in his time, he achieved great things which will have a happy influence on Canada's destiny.

It is with such feelings, honourable senators, that I have the honour to move the Address to His Excellency the Governor General in reply to the Speech from the Throne.

(Text):

Hon. Gunnar S. Thorvaldson: Honourable senators, may I first congratulate the honourable senator from Mille Isles (Hon. Mr. Monette) upon the dignified and eloquent manner in which he has discharged the duty laid upon him of moving the Address in reply to the Speech from the Throne.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Thorvaldson: In the same breath, I wish to apologize to the honourable gentleman for the fact that I am not able as yet to follow the meaning of his speech as fully as I would like to do, but I want to say to him that at least I hope that defect will be cured before I have been here too many years.

I also am happy to have the opportunity of speaking for the first time in this house in the role of seconding the motion that the honourable gentleman has made. I deem it not only a personal honour but also an honour to the province which I among others, represent in this house, namely, the province of Manitoba.

In eastern Canada, Manitoba is generally thought of as a young part of Canada. Well, it may be young in terms of modern development, but it is old in history. I am somewhat sorry that the honourable senator from Shawinigan (Hon. Mr. Méthot) does not happen to be in his seat this afternoon because I want to say something that I think would interest him more than others in this house. That is, I wish to refer to the close historical association of his community, Trois Rivières, with the province of Manitoba. As early as the year 1611 those intrepid explorers, Pierre Radisson and Sieur de Groseilliers left Trois Rivières on an expedition to the West which, it is believed, brought them, as the first white men, to gaze upon the waters of Lake Winnipeg. There is no doubt in any event that they were the first white men to reach the west end of Lake Superior, where indeed the West begins. But the connection does not end there. Some 60 years later—and that indicates how young they were when first they went on the expedition that I referred to—the same Radisson and de Groseilliers were advisers to King Charles II when he granted the famous charter to Prince Rupert and his Company of Merchant Adventurers trading into Hudson's Bay. The date of that charter was May 2, 1670. And from our point of view the history of my part of Canada can be said to have begun in that year.

My next words should appropriately be an expression of thanks and appreciation to the members of this body for their obviously warm and sincere welcome to myself as a newcomer in this house. And I am sure that my fellow neophyte senators who were also sworn in as members of the Senate on the opening day of this Parliament would wish me to express this appreciation on their behalf as well as on my own.

To you, Mr. Speaker, I would like to do something more than merely congratulate you upon your continuance in the high office of Speaker of the Senate, which I now do. But I would also like to pay tribute to the distinguished service which you performed for the very institution of Parliament itself in the conspicuously dignified manner in which you performed the function of your office, for all Canadians to see, at the opening of Canada's Twenty-Third Parliament by Her Majesty the Queen last October. That was indeed a momentous occasion in the political life of Canada and especially in the awareness of Parliament which became manifested in the minds and hearts of individual Canadians in every part of this far-flung country.

I would now like to be allowed to express to the person whom I have known longer than anyone else in this house, the honour-

able the senior senator from Winnipeg (Hon. Mr. Haig), my very warm regards and my congratulations upon the manner in which he performed his duties as Government Leader in this house and indeed as a member of the cabinet during the Twenty-Third Parliament.

Among other attachments to Senator Haig —as he often reminds me, he was a deskmate of my father in the Manitoba Legislature 44 years ago. Mr. Haig, as you know, continued to be re-elected to that body, despite the great adversity which occurred to our party in Manitoba in that early era, while my father, no doubt to his personal advantage, failed to be returned to that house in the next election.

With reference to politics in Manitoba, I hope that in this non-partisan body I may be excused if I refer to the fact that on June 16 the electors of that province will have an opportunity of electing a new Government; and without attempting to indulge in prophecy I just wish to say that some of my, no doubt, prejudiced Manitoba friends tell me that the adversity of that former era that I referred to may perhaps be redressed at that time.

To you, sir, the honourable senator from Rosetown (Hon. Mr. Aseltine), may I offer my sincere congratulations upon your selection as Government Leader in this house? This honour is indeed a fitting tribute to your ability and devotion to duty as well as to your long tenure of office in this house. We from the Prairie Provinces—and indeed, we from the West—rejoice, as Westerners, in the successes and achievements of our colleagues from that part of Canada, and I am sure that honourable senators will excuse me if I reiterate that I naturally take pride in the fact that the Leader of the Government in the other place and the Leader of the Government in the Senate both come from the West. And of course I also take pride in the fact that both of them are residents of Saskatchewan, for I myself was a resident of that province for a period of seven years and I graduated from the provincial university there, as did the Prime Minister.

In this passing reference to western Canada, and especially to the Prairie provinces, may I add that there have been times—indeed, within living memory—when we have been deemed a poor relation. I want now to place myself squarely on record as saying that we westerners are a poor relation no more. It is true that up to about a decade ago our wealth emanated largely from the surface of the ground. Now, however, as is so well known, untold riches in both oil and other mineral wealth lie buried under the surface of this vast area of our country.

Now, honourable senators, I would like to touch upon a facet of the Canadian scene to which some—at least local—prominence has been given in some newspapers. That is to the effect that I am the first person of Icelandic origin to be appointed to the Senate of Canada. That is, of course, true. Consequently, I thought it might not be inappropriate if on this occasion I made a few brief remarks in regard to Icelandic immigration to Canada, and something about what we hope is deemed by others to be a useful contribution to the building of our nation.

Immigration from European countries, other than the United Kingdom and France, did not really commence to any considerable extent until the early 1870's. The first of the immigrant groups to come in considerable numbers were the Mennonites, who arrived in 1874. These people were originally German and Dutch, but came from Russia. Honourable senators will remember that they had migrated from Holland and Germany about 100 years previously under offers from the Russian Government, or the Emperor, of that time, that they would not be subject to military duty. In the early 1870's Catherine the Great, I think, withdrew that promise, and as a result they migrated to the Western world. A fairly large group of these people settled in colonies on the lush Red River Valley soil south of Winnipeg. The integration of the Mennonites into the Canadian way of life was, for reasons that must be clear to you all, slow. But now these people, in the third and fourth generation here, are making rapid progress both in adopting the Canadian way of life and in becoming well-to-do from an economic point of view. The Mennonites are splendid agriculturists and are now indeed making southern Manitoba into a veritable garden. They have even progressed so far that their community is represented in the present House of Commons by an elected member sitting to the right of Mr. Speaker. The Icelanders were a little more rapid in their political advancement, having first elected a representative to the Legislature of Manitoba on the side of Mr. Speaker that I have just referred to, exactly 50 years ago, in 1908. My father was the second person elected to that special side of the house, namely, in the year 1914.

It is of some interest that Lord Dufferin, who became Governor General of Canada in

1872, was largely instrumental in directing Icelandic immigration to Canada. He had visited and toured Iceland in 1855 and had then developed a considerable affection for the Icelanders. Emigration from Iceland, which began in the early 1870's, was originally intended for the area in and around Wisconsin, U.S.A., but at Lord Dufferin's suggestion the Canadian Government took appropriate steps to direct some of this immigration to Canada. As a result, in the year 1875 a group of 285 of these people settled in what was then a very inhospitable region on the west shore of Lake Winnipeg, approximately 60 miles north of the present city of Winnipeg. The next year a group of over 1,200 arrived. They named their point of settlement on Lake Winnipeg *Gimli*, the English word for which is Paradise or Haven of the Gods.

In succeeding years additional immigrants followed and the original numbers multiplied. They, of course, suffered the grievous hardships that generally go with pioneering in a rugged virgin country; but in course of time they prospered and gradually began to permeate into other parts of Manitoba and Canada.

It is now 83 years since the first Icelandic settlement in Manitoba. And I think I can proudly say that the Icelandic people have assumed in full measure the obligations and, of course, the privileges of Canadian citizenship in both peace and war, and have become a robust strand in the fabric of our Canadian nationhood.

When one considers that today 24 per cent of the people of Canada are of national origins other than English or French, it becomes apparent that the integration of these various national strains that have come here, into Canadian citizenship—or into the Canadian fabric of nationhood, as we say—is a matter of prime importance in our national development. This process of integration has, of course, taken time, and will take time. But I want to say that despite the great efforts and desires of us newcomers to take our places as full-fledged Canadians, I freely confess that upon occasion we should pay our humble respects to the strains that were here first, that assumed the very first pioneering that was done in this country, and who have now accepted us into a first-class citizenship along with themselves. Canada has indeed been good to us.

I frankly admit that I have not as yet made reference to any of the subject-matters dealt with in the very comprehensive Speech from the Throne. My excuse is, of course, that all the subject-matters in it will be debated in detail during the course of the session. But I would like to say a few words on a subject which has indeed been a favourite topic for both after-dinner and other speakers in Canada since Confederation. That is the subject of "Canadian Unity". At times we have been made to shiver in our shoes at the imminence of the break-up of Canada. What pieces we were going to break into I really don't know, or how a break-up could at any time have benefited anyone. I quite confess, of course, that there have been here, as in most other nations from time to time, periods of great stress and strain. Fortunately, however, tolerance between races, creeds and classes has always come on top. But to my mind the maximum of national unity that this country has ever known occurred on March 31 last. I don't say this, and I hope it is not so understood in this house, in a narrow partisan way. But I would say that for the first time since 1885—I use that year not because it was an election year, but because of the events that had their beginning in that year—there has been fought in Canada a general election in which neither old and deep sores, nor racial or religious or, indeed, economic bigotry played any part whatsoever. And in the result we have achieved a Government having a substantial majority in the other place which is nearly equally representative of every part of Canada and of every race, class and creed. Also, for the first time in 37 years, apart from one very small splinter group, we have in fact returned to a two-party democracy, namely, the Government on one side and Her Majesty's loyal Opposition on the other.

Hon. Mr. Howard: Hear, hear.

Hon. Mr. Thorvaldson: That is as things ought to be. That is the way in which our system of Government works best. Government under democracy is difficult enough at any time. It is good to have it under the best conditions.

If these things that I have mentioned are not a sure and certain sign of the maximum in national unity, then I don't know what unity is. On the positive side, are there other factors? No new affirmation is, of course, necessary in regard to our relationship to the Crown, to the Commonwealth, to the United Nations or to NATO. Those relationships remain steadfast, and I am happy to say, as they ought, to be, largely bipartisan.

But, to my mind, there is one other important aspect in which Canadian opinion is more unified than ever before. It is our determination to remain Canadian in all things. This statement may seem like an over-simplification. Perhaps it is. But the

matter I am referring to is our relationship to our great neighbour to the south. I don't intend at this time to make any extensive remarks in regard to this very broad and important subject. All I want to say is that in my view a large majority of Canadians are of the opinion that certain facets of the relationships between our two countries are out of gear. Or shall I say that there is sand in some of the gears! Whether we are right or wrong or partly right and partly wrong in this conception, the important thing at the moment is that the frictions between our two countries, having been brought into the open, will be, and are now, the subject of public discussion on both sides of our common border as never before.

Under such circumstances it may be expected that the democratic process will quickly assert itself and the gears will begin to function more smoothly in due time. But the only point I wish to make now is that our relationships with the United States, essentially those commercial and economic, must in future be the subject of continuous thought, consultation and statesmanship if our association as the two chief tenants of this continent is to remain amicable and equitable to both countries. More than that, it also seems essential that discussions between our countries should not be held only on the executive level, but that they should permeate fully into the Houses of Congress of our neighbour, and indeed into our Parliament as well.

I must add, and I think it fits in with the remarks I am making in this regard, that I am particularly pleased with the resolution which was introduced yesterday in the other place urging the appointment of a committee for the purpose of studying the relationships between the two countries.

Already, and resulting from the mild shock of June 10 last, Congress itself has begun to take note of Canada. I think the recent visit here of the Honourable Brook Hays and the Honourable Frank M. Coffin, both members of the U. S. House of Representatives and of the Committee on Foreign Affairs in Washington, was a gracious gesture to Canada. It shows that Congress is aware of current frictions between us and is determined to take Canada for granted at least a little less than in the past. This is a big step in a right direction.

In closing these remarks I don't think I could do better than to quote the final paragraph of the Hays and Coffin report on their Special Study Mission to Canada, which was published in Washington only a couple of weeks ago. It is quite brief:

> Canadian and United States interdependence demands a new category of relationship. Canada does not stand in a position toward us of a "foreign" country. By no means should it be considered as a poor relation. The concept to be realized in the best interests of both countries is that of free and powerful nations of different background and capabilities, united through a basic agreement on values and aspirations, and voluntarily joined in enterprises, domestic and foreign, calculated to strengthen the chances for a world reflecting their common values. This is the challenge for Canadian-United States relations.

To me, some of the sentences indicate the beginnings of the realization of a changing concept in Washington in regard to the basic relationships of our two countries. The time was when the United States could well afford to take Canada for granted and we were of a size and strength that we couldn't do much about it. But this is a new day and a new era and, with the enormous interdependence between us in every facet of our relationships, military, economic, commercial and cultural, the time has, I believe, arrived for a substantial reappraisal of at least some of these relationships.

And now, to conclude, it gives me much pleasure to second the motion for the Address in reply to the Speech from the Throne.

On motion of Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 22, 1958

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

Prayers.

Routine proceedings.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I desire to lay on the table six reports. They are quite long, and I do not propose to read them, but they will appear in the *Minutes of the Proceedings*.

DIVORCE

PETITIONS

Hon. Arthur W. Roebuck: Honourable senators, I beg to submit some 35 petitions for divorce. I was promised 40 petitions, but received only 35.

NORTH AMERICAN AIR DEFENCE COMMAND

CANADA-UNITED STATES AGREEMENT—ORDERED TO BE PRINTED IN SENATE RECORDS

Hon. W. Ross Macdonald: Honourable senators, mention was made yesterday of the NORAD agreement. In past years it has frequently been the custom to have such agreements printed in the Senate records. This is quite an important document, and if the honourable leader (Hon. Mr. Aseltine) has no objection I would move, with leave:

That the 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, 12 May, 1958, be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* and form part of the permanent record of this house.

Hon. Mr. Aseltine: I have already spoken with the honourable Leader of the Opposition (Hon. Mr. Macdonald) with regard to the NORAD agreement. The motion to make it an appendix to today's *Hansard* and *Minutes* meets with my approval, and I hope it will be carried unanimously.

Motion agreed to.

For text of agreement see appendix to today's Hansard, *pp. 76-78.*

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, with leave, I move that when this house adjourns today it stand adjourned until Tuesday next, May 27, at 8 p.m.

Motion agreed to.

UNITED KINGDOM PRIME MINISTER

PROSPECTIVE VISIT TO CANADA—INQUIRY

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, before the Orders of the Day are proceeded with, I would like to ask a question of the Leader of the Government in the Senate (Hon. Mr. Aseltine). According to press dispatches we are going to have a visit in Ottawa from the Prime Minister of Great Britain. My question is: Has the leader any information as to whether the Prime Minister of Great Britain will address both houses of Parliament, as has been done on former occasions of this kind?

Hon. Mr. Aseltine: Honourable senators, all the information I have is what appeared in the newspapers, but I will look into the matter and advise the chamber as soon as possible.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. W. Ross Macdonald: Honourable senators, in rising to speak on the Address in reply to the Speech from the Throne my first remarks will be in the nature of a congratulatory reference to our respected colleague Senator Aseltine on his appointment to the important and responsible position of Leader of the Government in the Senate. He has the business, professional and legislative experience, together with the necessary tact and sense of humour to enable him to meet the many demands which will be made upon him both in and out of the house. If a change had to be made in the leadership, I am sure that no more appropriate and popular appointment could have been made. I am equally sure that his term of office will be a happy and profitable one for him, for the Senate and for the country.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, I will not let this opportunity pass without also expressing my appreciation to the honourable Senator Haig for his courtesy to me and for the co-operation he gave me not only during the time I was Leader of the Government in this house, but also during his term of office in that position. At the opening of the present Parliament the honourable gentleman asked to be relieved of the many

responsibilities which the office of Leader of the Government carries with it. He tendered his resignation to the Prime Minister, who accepted it with great reluctance.

Senator Haig has made a great many contributions to the work of this house, and I am sure that the new leader is pleased to have him as one of his advisors. I am certain that all honourable senators join with me in the wish that Senator Haig will be spared for many years to give this house the benefit of his long experience and good common sense.

Hon. Senators: Hear, hear.

(Translation):

Hon. Mr. Macdonald: We were all pleased to learn, Your Honour, that you were remaining as Speaker of the Senate. When you filled that high function before, you did it with dignity and fairness. As this new Parliament opens, it is a pleasure to be able to continue addressing you as Mr. Speaker.

Hon. Senators: Hear, hear.

(Text):

Hon. Mr. Macdonald: On the 12th day of May four senators took the oath, bowed to His Honour the Speaker, and took their places among us. In this new group are not only those of British and French stock, but a descendant of the race that inhabited North America long before the white man set his foot upon its soil, and another who is descended from those who left Iceland and made for themselves homes in this new land. These new senators bring us a wealth of experience in the business, the farming and the professional life of Canada. No doubt they will contribute much to our deliberations both in this chamber and in committee, and I extend them a very hearty welcome.

To one of our colleagues has come a distinction which has not fallen on a member of this house since it was established. I refer to the fact that the honourable senator from Blaine Lake (Hon. Mr. Horner) has two sons who are members of the other chamber. Indeed he has yet another distinction, for a nephew of his, also named Horner, sits in the other place.

It has occurred occasionally that a father was a member of the Senate while his son was a member of the other house, but never before have two sons of one of our members held seats in the other house. Last year a son-in-law of the present Leader of the Government here (Hon. Mr. Aseltine) became a member of the other house. I have not been able to find out whether there is at this time any other similar case.

With the help of Mr. Gilman, our very competent Treasury Officer, I have compiled a short memorandum on members of the Senate who have had sons in the other house. I thought the house might be interested in this. Mr. Gilman informs me that in 1877 Patrick Power—and I am not sure whether he was a relative of the honourable senator from Gulf (Hon. Mr. Power)—

Hon. Mr. Power: He was a herring-choker.

Hon. Mr. Macdonald: In any event, in 1877 Patrick Power was a member of Parliament in the House of Commons while his son Lawrence Geoffrey was Speaker of the Senate. In 1911 Sir George W. Ross was Leader of the Opposition in the Senate while his son Duncan Campbell Ross sat in the House of Commons. I come now to a case in which most of us knew at least one of the persons to whom I shall refer. In 1922 the Honourable George Gerald King sat in the Senate while his son James Horace King was Minister of Public Works with a seat in the House of Commons. The Honourable James Horace King later served in the Senate with many of us who are here now. The next instance involves one of our own contemporary members. In 1935 the Honourable Senator Onesiphore Turgeon was a member of this chamber while his son, now the Honourable Senator James Gray Turgeon, was a member of the House of Commons.

There is also one more contemporary example of a father sitting in the Senate while a son sat in the House of Commons. Until recently Mr. Frank Gavan Power, son of the Honourable Senator Charles Gavan Power, sat as a member of the House of Commons while his distinguished father sat in this chamber.

Honourable senators, I would like to take this opportunity of congratulating in no merely formal way the two distinguished senators who moved and seconded the Address in reply to the Speech from the Throne yesterday.

(Translation):

The honourable senator from Mille Isles (Hon. Mr. Monette) who moved the Address, has been a member of this house since October last and has spoken several times. We expected an eloquent and scholarly speech and we were not disappointed. He speaks beautiful French and it is a pleasure to listen to him, even for those who do not understand all the shadings of the French language.

He is perfectly bilingual and the next time he has occasion to speak, we will no doubt hear him express himself just as eloquently in English.

(Text):

The honourable senator who seconded the motion (Hon. Mr. Thorvaldson) gave us a very interesting discourse, and his references to the island of Iceland were very informative. He told us how his people came from that island and settled in Canada. I was very delighted, as I am sure we all were, to learn that on their arrival here they named the place where they settled on Lake Winnipeg *Gimli*, which in English means Paradise or Haven of the Gods. He said they were happy to have come to Canada, and I was very pleased to hear him say "Canada has indeed been good to us." He also gave us very interesting references to the settlement of the province of Manitoba. He stated that at times westerners have been regarded as poor relations. Well, I wish to assure him that we easterners, notwithstanding what was said about us in the West, never did consider westerners poor relations. But what pleased me more than all was when he said that westerners are poor relations no longer.

The honourable senator referred to his father and another Icelander as having been members of the Legislature of Manitoba. It was once my pleasure, and that of a number of other senators seated here today, to sit in the House of Commons with one whose forebears were Icelanders—a man who has brought great distinction to himself and to his country, a Rhodes scholar, who became a member of the cabinet of the Dominion of Canada, and is still living today and is a friend of many of us—the President of the Exchequer Court of Canada, the Honourable Joseph Thorson.

Honourable senators, I come now to the Speech from the Throne itself. It gives us a forecast of certain legislation which the Government proposes to introduce, but of course, doesn't tell all. I ask myself how much of this legislation can be and will be introduced, in the first instance, in the Senate. It is often said that the business of Parliament could be accelerated if a larger percentage of public bills were introduced, in the first instance, in the Senate—that is, prior to their introduction in the House of Commons. There is, however, a very definite limitation to the number of such bills which can originate here. Section 53 of the British North America Act provides that:

> Bills for appropriating any part of the public revenue, or for imposing any tax or impost, shall originate in the House of Commons.

That is, money bills must originate in the House of Commons.

From a perusal of the legislation forecast in the Speech from the Throne there appear to be few if any bills which will not require the expenditure of very large sums of public money. Accordingly, under section 53 of the British North America Act, practically none of the announced legislation can be initiated in this house. Speeches from the Throne at best give only an obscure picture of the contemplated legislation. There will, I am certain, be other legislation than that which has already been announced, and probably some of it will not come within the provisions of section 53 of the British North America Act. I would urge upon the Leader (Hon. Mr. Aseltine) that he do all in his power to have such legislation first introduced and discussed in the Senate. I know that is a difficult task, for I have sat in his position, as has also the honourable the senior senator from Winnipeg (Hon. Mr. Haig), and we realize that frequently a minister wants to introduce his own legislation in the other house. Any legislation that is initiated here will receive the most careful scrutiny, both in the house and in committee, and the leader can assure the Government that when it is presented to the Commons it will be in such form that much time of that house can be saved.

In connection with legislation which is introduced here, I would like to support the suggestion regarding the explaining of bills made on Friday last by the senior senator from Ottawa (Hon. Mr. Lambert). A number of senators have spoken to me about this and have asked me to support the proposal. Honourable senators who sometimes sit in the gallery of the House of Commons have observed that when a bill is introduced in that house some member invariably calls out "Explain!" The member introducing the bill, whether a minister or a private member, then makes a short statement about it; and thus from the very outset members of the house have some idea of the nature of the proposed legislation. I feel that before consenting to a bill going on the Order Paper in this house we should know something at least of its contents—and this applies not only to public bills, but also to private bills which honourable senators introduce from time to time. I think it would be worth while for us to adopt this practice, and I would ask the Leader of the Government to give some consideration to the proposal.

Honourable senators, may I now turn to consideration of the attitude which I think the Opposition in the Senate should take toward Government legislation. This is of special importance in view of the relatively

small number of Government supporters in this house, and, conversely, the relatively small number of supporters of the Opposition in the other house. Fortunately for us here, in the words of the late Senator Dandurand:

> We stand above the sharp divisions of party that exist in the other chamber, . . .

I am sure honourable senators will agree with me that we should not allow narrow party prejudice and political advantage to be the overriding consideration in our attitude toward legislation which comes to us.

The Government, we must admit, is faced with many difficult problems, not only at home but also abroad. Every day we hear of wars and rumours of wars. Indeed, it would appear that we are living on the edge of a smoldering volcano. In view of the tension in international affairs and the serious problems at home, I do not deem it to be my place as Leader of the Opposition in the Senate to indulge in recrimination and narrow, bitter partisan criticism of what the Government has done or proposes to do as outlined in the Speech from the Throne.

The former administration was in office for 22 years. It went through many crises, and faced up to great and important issues. No one can deny that it administered the affairs of the country efficiently and with an integrity which has never been questioned. It gave outstanding leadership both at home and abroad. Canada underwent a development unprecedented in its history, and when the time came for a change of Government the administration which had been in power for 22 years turned over to the new administrataion a country whose economy was sound, a country of untold natural resources, a peace loving and industrious people living in economic conditions which were the envy of the whole world.

We on this side of the house are just as anxious to maintain that high standard as is the Government itself, and so far as I am concerned we will support all legislation which has that end in view. In saying that, I do not want the Leader of the Government (Hon. Mr. Aseltine) to be under the misapprehension that we will blindly support any and all Government legislation. Having in mind, not political advantage but rather the well-being of our fellow Canadians, I feel I can say, that we of the Opposition will examine thoroughly, even critically, all legislation which comes to this house. In fact, in view of the unprecedented and overwhelming number of Government supporters in the House of Commons, and of the small number sitting in the Opposition in that house, I feel that our responsibility in the Senate is greater today than it ever has been.

Honourable senators, we must realize that as a result of the last election there is only one member of the official Opposition in the other house who sits for a constituency west of the western boundary of the province of Ontario. In fact, there are only six members sitting in opposition—five members of the C.C.F. party and one Liberal—who represent that part of Canada west of Ontario. Two western provinces, Manitoba and Alberta, have no representation whatsoever in the Opposition. Likewise, from two eastern provinces, Nova Scotia and Prince Edward Island, there is not a single member sitting in the Opposition. So, honourable senators, a very large number of people who think as the Opposition think—and we know how many million people from all parts of Canada voted for the Opposition—cannot make their voice heard in the other place. I feel it is our duty to have their voice heard, not in any narrow partisan way, in this house. That imposes a very great responsibility upon us.

We must be given the opportunity to discuss legislation fully and freely in this chamber and to have it examined minutely in committee. We should not hesitate, when we think it is in the public interest to do so, to amend it and to return it to the Commons for its further consideration. It may happen that this house will think it is in the interest of the country to reject and to defeat completely legislation when it comes to this house. In that respect I might state that I have not changed from the stand which I took last year when the present Government took office. Since then it has been re-elected, this time by an overwhelming and unprecedented popular vote. It has received a general mandate to administer the affairs of the country for the next five years and has received a specific mandate in certain matters. Where it is clear that the Government has received a popular mandate and where there are not the most compelling reasons for believing that the issue should be referred once again to the electorate, I do not think the Senate will resist the adoption of any such Government legislation. This is the attitude which the Senate has traditionally supported over the years.

Last fall when I spoke on the Address in reply to the Speech from the Throne, shortly after the present Government took office, I went into this matter quite fully. I stand four-square by what I said then. I will not weary you by reading long excerpts from my speech, but to clarify my position and to leave no doubt as to my views I crave the indulgence of the house while I quote briefly

from what I said at that time. This will be found at page 37 of the *Hansard* of last session:

I think that we would all do well to remember that the Senate has not, traditionally, resisted the adoption of any piece of Government legislation for which a government has received a clear popular mandate, whether as the result of a general election or otherwise. Nor would it, in my view, be inclined to do so in future, in the absence of the most compelling reasons for believing that the issue should be referred once again to the electorate.

Then I asked permission to quote what the Right Honourable Arthur Meighen said when he occupied the position similar to the one I occupy at present. Here are his words:

Where there is a mandate for legislation which comes before the Senate; where such legislation was clearly discussed and placed on the platform of the successful party in an election, then only in most exceptional circumstances should there be any attempt or desire on the part of the Upper House to refuse to implement a mandate by its concurring imprimatur. No one, however, who has thought the subject out can say that under no circumstances should legislation coming to the Senate from the Commons, though clearly supported by a popular mandate in an election, fail of support in the Second Chamber. It has been plainly and tersely enunciated by Sir John Macdonald, by George Brown and by Maritime statesmen, as well as by Taché of Quebec, that the Senate's duty, or one of its duties, is to see not only that wise legislation, having for its purpose nothing but the public good, is allowed, irrespective of mandate, to become law, but in certain conceivable events to see to it as well that the public of Canada, which may at one election have endorsed extraordinary proposals, has opportunity, if such proposals are of a particularly dangerous or revolutionary character, to think the subject over again; in a word, that the Senate may, under certain circumstances, be allowed to appeal from the "electorate of yesterday" to the "electorate of tomorrow".

Honourable senators, may I also be permitted to read a quotation taken from a speech made on February 12, 1936, by the late Senator Dandurand.

The framers of the Confederation intended this chamber not to be a duplicate of the Commons . . . if we felt and acted as though we were, our usefulness as a second chamber would be gone. The Senate is not a duplicate of the House of Commons. We stand above the sharp divisions of party that exist in the other chamber, and we approach all questions with a desire to do our best for the general interest of the country.

Honourable senators, that is the position which the Opposition takes at this time.

While on the question of legislation, I trust that the Leader of the Government will not, except in connection with interim supply bills and under the most unusual circumstances requiring urgent legislative action, ask us to give more than one reading to a bill at one sitting. Nor will he ask us to by-pass the committee stage of a bill. It is in the committee stage that the Senate can do its best work. There are those who would prefer that bills should go to a Committee of the Whole House rather than to a standing committee. The great advantage in sending a bill to a standing committee is that the deputy minister and other departmental officials can be questioned directly by senators, whereas in Committee of the Whole the questions to the departmental officials must be asked through the leader or the senator who is in charge of the bill. I do not think this is as satisfactory as direct questions by senators to officials. That, however, is a matter which the senators must decide from time to time when a bill has received second reading. My point is that the committee stage should not be by-passed, but that we should be given an opportunity when sitting in committee to consider every bill which is presented to this house.

Now, honourable senators, may I, without going into great detail, briefly touch on three matters which are of great concern to all Canadians, and are three of the most important problems with which the ministry must be concerned. In fact, I know the Government is concerned about these matters.

In Canada today, in spite of the large number of our fellow citizens who are unemployed, we continue, generally speaking, to live in an era of general prosperity. I am not discussing the question of whether at the moment the number of unemployed is 825,000 or 516,000. True, there are a great many unemployed, but as I say, we are at the same time living in an era of general prosperity. In fact, we are becoming so reckless with our prosperity that the cost of living continues each month to set records in its rapid climb upward, and this in turn creates demands for increases in the price of all goods and services. In other words, we are caught in the midst of a dangerous inflationary spiral which, if carried to extremes, could not only stop our progress, but would give us such a setback that the high standard of living which we have attained would not be reached again for many decades.

We have seen what has happened in other countries where inflation has become rampant, and it would be even more serious in Canada, because we are a young country and need large amounts of foreign capital to develop our resources. This capital has been coming in in large amounts during the past ten years. Some think it has come in in too large amounts. I am not going to discuss that question at this time. I do say that if our progress is not to be retarded we must have large amounts of foreign capital to

assist in the development of our vast resources. To attract foreign capital we must have a sound economy, and that is impossible unless we check the present inflationary tendencies.

The Government, in the Speech from the Throne, includes a note of warning about inflation. It states that it will:

> . . . remain mindful of the importance of financing its large program of expenditures in such manner as will best safeguard against a recurrence of inflationary dangers in future.

The Government indeeds finds itself on the horns of a dilemma. It is endeavouring to revive the economy and create employment by inflationary pump priming methods, while all the time it is aware of the danger of inflation.

We all agree that so long as there is unemployment the Government must do all in its power to remedy the conditions which cause it, and create work to overcome it. At the same time it must not contribute to the creation of conditions which will bring about run-away inflation. That is the perplexing condition in which the Government finds itself.

Perhaps the Senate can be of some assistance to the Government in this situation. We have in the Senate experienced businessmen, economists and men with wide governmental experience. Possibly a Special Committee of the Senate on Inflation might be set up to make an inquiry regarding its cause, control and cure. I am sure we have senators who would be capable and willing to undertake such a task. I believe it would be a worth-while endeavour.

The Government proposes to spend vast sums on public works. The purpose of these expenditures is, as admitted by the Government, to create jobs. But what percentage of a dollar spent on public works goes toward creating jobs for those who are unemployed at the present time? There is the example of the building of the Canso Causeway linking Cape Breton Island and the Nova Scotia mainland. The cost of this undertaking was $22 million, but at its busiest period employment was provided for only 200 men. Public works are not the solution to the unemployment problem. The only long-term solution will come from conditions created in Canada by a long-term sound economic policy.

The extent of our foreign trade will play an important part in creating that condition. In other words, our exports and our imports must be kept at a high level. We produce much more than we can consume at home. Also, we require for our consumption many things which we do not produce at home. We, therefore, must keep up a large inflow and an outflow of goods. As is frequently said, trade is a two-way street. Competition in our foreign markets is becoming keener. Over the years we have had good markets in the countries of western Europe. In the future they will be more vital to our well-being than ever before. Today those markets are challenged by a proposal to set up a free market among the countries of western Europe, including the United Kingdom. That would be a serious blow to our export trade unless the Atlantic community on this side of the ocean has a satisfactory trade treaty with the community of nations on the other side of the ocean. There is no doubt that the Government of the day is aware of this danger. This summer a Commonwealth Conference on Trade will be held in Canada. A great opportunity will then present itself to Canada to take advantage of the opportunities for trade with the Commonwealth countries, but I do hope the Government will enter this conference with the desire not to restrict its trade with its good customers of today and with its prospective buyers of tomorrow, whether they are within or without the Commonwealth. Our motto should be, "Restriction of trade never, expansion of trade ever."

I would like now, in closing, to refer just briefly to our relations with the United States. At the present time the nations of the world are divided between those who support the communistic way of life and those who support the democratic way of life. Our way of life is with the democracies. The democratic countries can only be strong if they live in peace and harmony with each other. Unfortunately the spirit of dissension and ill-will which is so rampant in the world today seems to be spreading among those of us who normally are friends. For many years Canada and the United States were an example to the world of two nations which could live in peace and harmony without a gun or defence of any kind along their 4,000 miles of border. Today our differences with the United States are gradually becoming headline features in our papers and, probably, in papers throughout the world. The communist policy is to divide and rule. The communists, no doubt, are sitting back at this time and taking great satisfaction from the belief that our two countries which were such good friends are now quarrelling with each other. It is the height of folly that Canada and the United States be unfriendly with each other. We are bound to have differences because we have so many things, but far from everything, in common. Our differences usually are caused by a lack of understanding

of each other, and where there are differences we think the blame is all on the other side. The other side thinks the blame is all on our part. There is doubtless blame on both sides, but wherever it is, our differences must be resolved. Even if for no other reason, they must be resolved because the tense international situation, which is likely to continue for many years, requires that we live in a state of peaceful co-existence with our neighbours to the south. We will continue to have differences, but I feel keenly that we should be on our guard against allowing these differences to develop into major disputes, which quickly become newspaper headlines, and—I repeat—not only at home but also abroad.

Honourable senators, I am confident that these differences can be settled without rancour or bitterness. They must be settled not only in the interest of our own peace and well-being but also in the interest of the peace and well-being of the whole world.

On motion of Hon. Mr. Aseltine, debate adjourned.

The Senate adjourned until Tuesday, May 27, at 8 p.m.

57075-4—6½

APPENDIX

(See p. 69)

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.

CANADIAN EMBASSY

Washington, D.C.

No. 263 May 12, 1958.

Sir,

I have the honour to refer to discussions which have taken place between the Canadian and the United States authorities concerning the necessity for integration of operational control of Canadian and United States Air Defences and, in particular, to the study and recommendations of the Canada-United States Military Study Group. These studies led to the joint announcement of August 1, 1957, by the Minister of National Defence of Canada and the Secretary of Defense of the United States, indicating that our two Governments had agreed to the setting up of a system of integrated operational control for the air defences in the continental United States, Canada and Alaska under an integrated command responsible to the Chiefs of Staff of both countries. Pursuant to the announcement of August 1, 1957, an integrated headquarters known as the North American Air Defence Command (NORAD) has been established on an interim basis at Colorado Springs, Colorado.

For some years prior to the establishment of NORAD, it had been recognized that the air defence of Canada and the United States must be considered as a single problem. However, arrangements which existed between Canada and the United States provided only for the co-ordination of separate Canadian and United States air defence plans, but did not provide for the authoritative control of all air defence weapons which must be employed against an attacker.

The advent of nuclear weapons, the great improvements in the means of effecting their delivery, and the requirements of the air defence control systems demand rapid decisions to keep pace with the speed and tempo of technological developments. To counter the threat and to achieve maximum effectiveness of the air defence system, defensive operations must commence as early as possible and enemy forces must be kept constantly engaged. Arrangements for the co-ordination of national plans requiring consultation between national commanders before implementation had become inadequate in the face of a possible sudden attack, with little or no warning. It was essential, therefore, to have in existence in peacetime an organization, including the weapons, facilities and command structure which could operate at the outset of hostilities in accordance with a single air defence plan approved in advance by national authorities.

Studies made by representatives of our two Governments led to the conclusion that the problem of the air defence of our two countries could best be met by delegating to an integrated headquarters, the task of exercising operational control over combat units of the national forces made available for the air defence of the two countries. Furthermore, the principle of an integrated headquarters exercising operational control over assigned forces has been well established in various parts of the North Atlantic Treaty area. The Canada-United States region is an integral part of the NATO area. 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, 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. The agreed integration is intended to assist the two Governments to develop and maintain their individual and collective capacity to resist air attack on their territories in North America in mutual self-defence.

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.

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.

(1) The Commander-in-Chief NORAD (CINCNORAD) 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. He will operate within a concept of air defence approved by the appropriate authorities of our two Governments, who will bear in mind their objectives in the defence of the Canada-United States region of the NATO area.

(2) The North American Air Defence Command will include such combat units and individuals as are specifically allocated to it by the two Governments. The jurisdiction of the Commander-in-Chief, NORAD, over those units and individuals is limited to operational control as hereinafter defined.

(3) "Operational Control" is the power to direct, co-ordinate, and control the operational activities of forces assigned, attached or otherwise made available. No permanent changes of station would be made without approval of the higher national authority concerned. 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 basic command organization for the air defence forces of the two countries, including administration, discipline, internal organization and unit training, shall be exercised by national commanders responsible to their national authorities.

(4) The appointment of CINCNORAD and his Deputy must be approved by the Canadian and United States Governments. They will not be from the same country, and CINCNORAD staff shall be an integrated joint staff composed of officers of both countries. During the absence of CINCNORAD, command will pass to the Deputy Commander.

(5) The North Atlantic Treaty Organization will continue to be kept informed through the Canada-United States Regional Planning Group of arrangements for the air defence of North America.

(6) 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. Any plans or procedures recommended by NORAD which bear on the responsibilities of civilian departments or agencies of the two Governments shall be referred for decision by the appropriate military authorities to those agencies and departments and may be the subject of intergovernmental co-ordination.

(7) Terms of reference for CINCNORAD and his Deputy will be consistent with the foregoing principles. Changes in these terms of reference may be made by agreement between the Canadian Chiefs of Staff Committee and the United States Joint Chiefs of Staff, with approval of higher authority as appropriate, provided that these changes are in consonance with the principles set out in this Note.

(8) The question of the financing of expenditures connected with the operation of the integrated headquarters of the North American Air Defence Command will be settled by mutual agreement between appropriate agencies of the two Governments.

(9) The North American Air Defence Command shall be maintained in operation for a period of ten years or such shorter period as shall be agreed by both countries in the light of their mutual defence interests, and their objectives under the terms of the North Atlantic Treaty. The terms of this Agreement may be reviewed upon request of either country at any time.

(10) The Agreement between parties to the North Atlantic Treaty regarding the status of their forces signed in London on June 19, 1951, shall apply.

(11) The release to the public of information by CINCNORAD on matters of interest to Canada and the United States of America will in all cases be the subject of prior consultation and agreement between appropriate agencies of the two Governments.

If the United States Government concurs in the principles set out above, I propose that this Note and your reply should constitute an Agreement between our two Governments effective from the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration.

"N.A. Robertson"
Ambassador of Canada.

The Honourable John Foster Dulles,
Secretary of State of the United States,
Washington, D.C.

DEPARTMENT OF STATE
WASHINGTON, D.C.

May 12, 1958.

Excellency,

I have the honour to refer to Your Excellency's Note No. 263 of May 12, 1958, proposing on behalf of the Canadian Government certain principles to govern the future organization and operation of the North American Air Defence Command (NORAD).

I am pleased to inform you that my Government concurs in the principles set forth in your Note. My Government further agrees with your proposal that your Note and this reply shall constitute an agreement between the two Governments, effective today.

Accept, Excellency, the renewed assurances of my highest consideration.

"Christian A. Herter"
for the Secretary of State.

His Excellency Norman Robertson,
Ambassador of Canada.

THE SENATE

Tuesday, May 27, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 2 to 17, and moved that the said reports be taken into consideration at the next sitting.

He said: Honourable senators, this being the first batch of such reports, perhaps it would be proper for me to explain that it is the practice to lay the reports on the table. If at any time any senator wishes to look at them or any one of them they are there available for inspection.

Motion agreed to.

PRIVATE BILLS

PROTECTIVE ASSOCIATION OF CANADA—FIRST READING

Hon. Charles B. Howard presented Bill S-2, respecting the Protective Association of Canada.

Some Hon. Senators: Explain.

The Hon. the Speaker: Will the honourable senator please explain the bill?

Hon. Mr. Howard: Honourable senators, this bill concerns a company that was incorporated in 1907 and has functioned successfully since that time. It has increased its capital surplus and now, because of changed conditions, it wishes to increase the benefits obtainable under its operations. The association was originally formed as a Masonic assurance company, to provide sick and accident benefits. It wishes for no change as far as coverage is concerned. The act was amended so that the company could do business outside of the Masonic Order, and now it would like to increase the benefits payable.

Bill read first time.

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

Hon. Mr. Howard: Thursday next.

MERCANTILE AND GENERAL REINSURANCE COMPANY OF CANADA LIMITED—FIRST READING

Hon. William R. Brunt presented Bill S-3 respecting The Mercantile and General Reinsurance Company of Canada Limited.

He said: Honourable senators, this is a very simple measure, since all that the company wishes to do is to increase its capitalization from $1 million to $5 million so that it will have additional capital available to cover losses and business expansion. This company, as well as other insurance companies operating in Canada, has experienced during the past year extremely heavy losses, and it is expected that losses will continue during this year and part of next. In addition, the company requires this additional capital as its business has increased very materially since its incorporation in 1951.

Hon. Mr. Euler: What kind of insurance is it?

Hon. Mr. Brunt: Reinsurance only.

Bill read first time.

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

Hon. Mr. Brunt: Thursday next.

GOVERNMENT PUBLICATIONS

DISTRIBUTION TO MEMBERS OF PARLIAMENT—ANSWER TO INQUIRY

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, I would like to inquire of the honourable Leader of the Government (Hon. Mr. Aseltine) if he is in a position to give an answer to the inquiry I presented as a question of privilege on the 19th of May.

Hon. W. M. Aseltine: Honourable senators, the honourable senator who has just spoken was good enough to give me notice of the fact that he was going to ask for an answer today, so I have it ready for him.

For the information of those who were not here at the time, may I say that the inquiry of the honourable gentleman from New Westminster (Hon. Mr. Reid) on May 19 had to do with the method by which Government publications are distributed to members of Parliament. I assured him that I would look into the matter, and accordingly I wrote to the Queen's Printer and sent him a copy of the Senate *Hansard* containing the honourable gentleman's remarks.

The Queen's Printer has informed me that the policy of his department in distributing Government publications to senators and members of the House of Commons is laid

down in Treasury Board Minute No. 477983, passed on March 31, 1955. The main feature of this regulation is that no free distribution of any Government publication is made by the Queen's Printer except as provided in the regulation itself. The part of the regulation covering members of the Senate and the House of Commons reads as follows:

> One copy of the same current Government publications shall be sent on application, without charge, to persons and institutions as follows, provided that requests are made within 10 days following the receipt of check lists:
>
> (a) Senators and members of the Parliament of Canada;
>
> (b) Ministers of the Government of Canada and their Parliamentary Assistants . . .

With the opening of each Parliament and each session of Parliament, every member of the Senate and House of Commons is reminded by departmental circular letter of the existence of the Queen's Printer's daily check list, the reasons for its issuance and the method by which official publications can be obtained free of charge.

The purpose of the daily list service is: (a) to inform members of both houses within the shortest possible time of the availability of publications; and (b) to prevent wasteful distribution by giving them the opportunity of ordering only those publications they wish to receive.

The Queen's Printer, in the distribution of Government publications, is bound to observe the regulations as established by the Treasury Board. If the regulations are working a hardship on any honourable member, the Joint Committee on the Printing of Parliament could take the matter up, with a view to making representations to the proper authority to have the regulations amended to provide for distribution at the request of honourable members.

Honourable senators, I have quite a file here, and the honourable senator from New Westminster may have access to it in order to read over these orders and regulations, if he wishes to do so. I notice that he is not a member of the Joint Committee on Printing of Parliament, but there are two vacancies, and if he would like to become a member of the committee I have no doubt it could be arranged. He could then take his case up with the committee when it meets and do his best to have the committee send representations to the proper authorities.

Hon. Mr. Reid: I have a further question to ask. Before doing so, however, I wish to continue my question of privilege, and first of all to say that I am rather disappointed, for I could have written to the Queen's Printer myself and received the self-same answer. I am now beginning to witness something that I thought might happen because we have no representative from the cabinet in the Senate. If we had a member of the cabinet present, he could bring the order in council to the cabinet's attention and urge that it be amended so as to protect the rights of honourable senators. I think it well worth while to take that matter seriously.

The question I wish to ask is with respect to the daily lists the honourable leader mentioned. It so happens that two of the requests I made were for publications issued eight years ago, before ever the order in council was passed, and they have nothing at all to do with the daily lists.

Hon. Mr. Aseltine: This refers to current publications.

Hon. Mr. Reid: I am not referring to current publications. The publications I refer to were published many years ago, and I required them for the carrying out of my duties.

I am appealing to the honourable leader to place this matter before the Government, because it does affect the rights both of this house and the other house. If a senator were away from home, or were sick, he might not check one of the daily lists, and two or three weeks later he might be requested for information on a certain subject, and upon sending for a publication he might be told, "You are not to have it unless you pay for it, because you did not mark it on the list". I believe this affects the rights and privileges of every member. I know the order in council was passed, but I think the honourable leader of the Senate should have taken up the matter with higher quarters, rather than with the Queen's Printer.

Hon. Mr. Roebuck: Honourable senators, perhaps I am showing my ignorance in asking a question that occurs to me. My honourable friend from New Westminster (Hon. Mr. Reid) asked about an order in council, and the Leader of the Government (Hon. Mr. Aseltine) called it an order of the Treasury Board. May I ask by what authority the Treasury Board is able to make an order of this kind affecting the members of the Senate and the House of Commons?

Hon. Mr. Aseltine: I have a complicated document here, consisting of six pages, being an extract from the minutes of a meeting of the Treasury Board, held at Ottawa, March 31, 1955. Apparently the Treasury Board has the right to make regulations in accordance with section 7 of the Public Printing and Stationery Act and a section of the Financial Administration Act relating to the

distribution of Government publications. The document gives the regulations made under that authority.

Hon. Mr. Roebuck: Thank you.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, May 22, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Monette, seconded by Hon. Mr. Thorvaldson, for an Address in reply thereto.

(Translation):

Hon. W. M. Aseltine: Honourable senators, although I studied French for six years during my high school and university days, I have never become fluent in that language. I have, therefore, no intention of inflicting on honourable senators any further remarks in that fine language.

I would like to compliment the Leader of the Opposition (Hon. Mr. Macdonald) upon his ease in expressing himself in both French and English.

(Text):

Just in case some honourable senators did not understand my French I would like to say that what follows is a free translation:

Although I studied French for six years during my high school and university days, I have never become fluent in that language. I have, therefore, no intention of inflicting on honourable senators any further remarks in that fine language.

I would like to compliment the Leader of the Opposition (Hon. Mr. Macdonald) upon his ease in expressing himself in both French and English.

Honourable senators, I am sure that we are all pleased that our Speaker has been continued in office for another Parliament. I did not speak in the debate on the Speech from the Throne last October and I now wish to compliment him on the impressive manner in which he arranged for and conducted the opening of Parliament on the occasion of the visit of Her Gracious Majesty, Queen Elizabeth II last October, as well as on the fine arrangements made for the opening of this Parliament on the twelfth day of May.

I am sure we are all proud to have such a distinguished gentleman for our Speaker. He possesses the dignity, efficiency, fairness and integrity which go with this important position, and we consider him to be a worthy successor to the many distinguished Speakers of the Senate who have preceded him.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I am also greatly pleased that the Honourable Senator Ross Macdonald has been continued in his position as Leader of the Opposition. During the time that he was Leader of the Government in the Senate he carried on the business of this house in a most satisfactory manner. On quite a number of occasions while he was Government Leader I had the honour to be Acting Leader of the Opposition during the absence of my leader, the Honourable Senator Haig, P.C. The Honourable Senator Macdonald kept me fully informed at all times of what was going on or was coming up, and never on any occasion did he fail to carry out to the letter any agreement which we had entered into. I assure him that I will do the same thing. He has a difficult function to fulfil, but I feel that he will discharge his duties efficiently and conscientiously.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I wish to take this opportunity of thanking him most sincerely for the very kind, perhaps flattering, remarks that he made in his speech the other day when congratulating me on my appointment to the important and responsible position of Leader of the Government in the Senate. Amongst other things he stated that I had the necessary business, professional and legislative experience combined with the tact, humour and so forth required to meet the many demands that will be made upon me both in and out of the house. I only hope that I have some of those qualifications and that I will not disappoint him and my many other friends in this chamber who have almost overwhelmed me with their congratulations and best wishes.

When I first came to this chamber the Right Honourable Arthur Meighen was the leader. He was a great parliamentarian and a man who understood Government business and everything that went with it, and I was much pleased indeed to have had the opportunity of serving under him at that time. He was succeeded by the Right Honourable Senator Dandurand, also a great parliamentarian and well informed on governmental matters. The next leader was Senator King, and after him our good friend Senator Robertson. And then we had the distinguished Leader of the present Opposition, Senator Ross Macdonald, and then Senator Haig. All of these gentlemen set a precedent which will be hard for me to follow, but I assure honourable senators that I will do my best to please all of you. That might be an impossibility, but I will try.

Before I leave this part of my remarks I would like to say a word or two about Senator Haig, the senior senator from Winnipeg who

has just resigned from the position I now hold. I know we all regret his decision to retire.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I have been closely associated with Senator Haig ever since 1935, and have always appreciated his good advice and co-operation. He sometimes said to me privately, "Aseltine, you are a good lawyer but not a very good politician." Well, I did not argue with him, but I think perhaps I have a little ability in both roles. Later on when he became Leader of the Opposition I sat with him in the front row where the honourable gentleman for Kennebec (Hon. Mr. Vaillancourt) sits now. During all that time, and while he was Leader of the Government, I gave him the best advice and co-operation I could, and I am sure that he will give us the best advice and co-operation in his power.

Next I would like to say a few words about how much I enjoyed the address of the mover (Hon. Mr. Monette) and the seconder (Hon. Mr. Thorvaldson) of the Address. I think honourable senators will agree that the speech of the mover was one of the best speeches in French we have heard in this chamber in recent years.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I congratulate him most sincerely. His appointment to the Senate last year pleased me very much. Senator Monette, I am sure, is, and will continue to be a valuable member of this house.

I was also very much pleased with the address of the seconder, Senator Thorvaldson, whom I have known for many years, long before he was summoned to this chamber. Like the mover, he is a lawyer standing at the top of his profession in his native province. He is also an income tax expert, having at one time headed the Canadian Taxpayers Association. Our colleague will be a very valuable contributor to the debate on the new Succession Duty Act when it comes before us, and in many other ways.

To the other new senators, I want to say that in my opinion they will find this chamber a pleasant place in which to work, and I feel sure that each will have a valuable contribution to make.

While I am at this stage of my address I should like also to thank the officials and officers of the Senate for the wonderful assistance and advice they have given me since my appointment as leader. Should I wander from the straight and narrow path, I am sure they will do their best to put me right again.

Honourable senators, rising as I do today in this chamber as Leader of the Government you will perhaps pardon me if I indulge for a few moments in the flight of memory. My mind goes back over fifty years to Christmas 1903 when I went first to the Prairie provinces to teach school from the old historic town of Perth, in Lanark county, Ontario, where I received most of my early education. I was fortunate in having been brought up in a community where good fishing was available and where many sports such as curling, hockey and lacrosse were played; these activities I followed later when I left Ontario and went to Manitoba and on to the western plains.

It is very difficult to explain the influence of country and environment upon character, but I always remember the first impression that I had of the vast illimitable plain, that land for which the speech of England has no name—the Prairies. Great writers have written of the influence on character of the mountains and the sea, but no one that I know of has written about that same great influence which broods and abides in the boundless prairie lands of western Canada. In the spring there were the billions of anemones blooming everywhere. There were the soft gentle winds which seemed to come and go from infinity to eternity. There were the great piles of cumulus clouds that floated lazily over the encompassing sky. There were the blazing sunsets seen nowhere else—all of which made me feel that there, if anywhere, was an image of the great Creator.

Over fifty years ago when I went to that boundless land of promise there were arriving from almost all countries and nations of the world countless new settlers who were to become our neighbours and who were to subdue the plains to the plow and eventually create the Western provinces. No one can live on the Prairies without being touched by and influenced with their eternal majesty and illimitable freedom. It was impossible to live there without realizing that no matter where we came from or how little we had, or what our upbringing may have been, we were all brothers of one another. Whether it was the hardness of the life, or the severity of the climate, or the purity of the air, or the distant horizon, or for some other reason, in any event sectarianism and prejudice had a hard existence and soon died. It has been said that "we lived in a land which was the image of God and our life was the brotherhood of man."

Typical of the prevailing condition was the little school where those of us who were teachers taught the Ukrainian, the Danish, the Norwegian, the Polish, the Icelandic children and children of immigrants from many other lands. These children came to

the little school frequently built by the hands of the settlers themselves even before school districts had been set up, and there they grew to love their new country, learn the English language, and dream as their fathers had of the future of this great new land of freedom.

As you know, it was in this land that our present Prime Minister had his early life and where was born that great dream of his about the unity of Canada and the rights of all men, no matter how humble might be their origin, to be looked upon and treated not only as free men but as Canadians. The first speech he made in Parliament, on the 13th day of June, 1940, was on that very theme. He repeated remarks of a similar nature on the 11th day of August, 1944, and quite recently he reiterated his stand on unity, freedom and Canadianism in a reported interview in *Maclean's* magazine.

And I think that in this house, where we are in a special sense the guardians of the minority rights in this great land, it is now a great thing for Canada that we have not only members of the French and English races, but also descendants from many other nationalities; and that recently, in his dream of the unity of Canada, the Prime Minister has seen fit to summon a first Canadian of Icelandic descent, and also the first representative of that first race which owned all of this land before we came, the honourable gentleman with the noble name of Gladstone who comes from the province of Alberta.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: In line with the Prime Minister's dream of unity, I should like to give you now some information with respect to the make-up of the Conservative membership of the House of Commons at this time. Of those born outside Canada, four were born in England, five in the United States, two in Scotland, one in Russia—in the Crimea—one in the Ukraine, one in New Zealand. Of Canadian-born members there is one of Chinese origin, one of Italian origin, and one, like our own Senator Thorvaldson, of Icelandic origin; there are four—one of them the Minister of Labour—of Ukrainian descent, one of Polish descent, four of German descent, and one of Norwegian descent. I think it is a fine thing that so many races and nationalities are at this time represented in our Parliament.

I listened with great interest to the honourable Leader of the Opposition (Hon. Mr. Macdonald) who preceded me. He talked about the functions of this house and expounded its legal rights and the necessity for the independent exercise of its functions. I agree with most of what he said. I too came into this house almost a quarter of a century ago. At that time my party, the Conservative, had a great majority, but during the long reign of power of the Liberals the grim harvester diminished our numbers until we were reduced almost to half a dozen. We were a little band of Conservative brothers in a vast sea of Liberal appointees who almost dwarfed us to insignificance as far as numbers were concerned. However, I know that the functions of this house will be properly exercised even though it is preponderately representative of a party opposed to the Government. There has always been a spirit of co-operation in this house, dominated and guided by a breadth of understanding and wisdom which has hardly ever narrowed itself to party lines; and I hope and expect that it will so continue. This chamber is the peculiar guardian of the spirit of Confederation, the spirit that dominated Sir John A. Macdonald, Cartier and Brown, that there would be a Parliament conceived in the spirit of unity which would overcome all the disadvantages of difference of race, religion and language by the glorious conception, which has abided, that men could be free in Canada and still unite to make and foster a great nation.

I would be insensible, honourable senators, if I did not express here, without any mental reservations whatsoever, my personal gratitude for the spirit of co-operation which has been evidenced by all the members of this Senate in their statements of good will and the desire to assist me in the performance of my difficult task as Leader of the Government in this chamber. I know that we co-operated when you were a little band of few, and I expect that this spirit of co-operation will still abide, and that this honourable chamber will continue to function as guardian of the liberty and the welfare of the Canadian people. Our function above all others is to maintain the rule of law even in these parlous and perilous times when it might appear to some, though it will never happen here, that the rule of the tyrant might overcome the spirit of freedom.

There are many members of this chamber who are not only learned in the law but have vast experience in business, finance, labour, education, culture and other fields. I bespeak, honourable senators, your advice, your assistance and your co-operation.

I want to assure the honourable Leader of the Opposition that I shall use my best endeavours at all times to have introduced in this chamber as many bills as possible, but, as he so well said on Thursday last, the greater part of the prospective legislation to come before Parliament at this session has to do with money bills, and consequently must be introduced in the first instance in the other place. However, every opportunity

will be given to debate and consider these measures, and I propose, whenever possible and expedient, to refer the same to the appropriate standing committees where ministers, departmental officials and others can attend and give information.

I have prepared a brief on the question of making a cursory explanation of a bill after its first reading and before it is placed on the Order Paper for second reading. I had intended to read, for the benefit of honourable senators who were not present last Thursday, a paragraph of the speech of the honourable Leader of the Opposition dealing with this matter; but it is quite a long paragraph so I think I shall leave it out and just go on with my remarks.

Hon. Mr. Macdonald: Dispense!

Hon. Mr. Aseltine: In the Senate, as in the House of Lords of Great Britain, it is not necessary to give notice or ask leave to bring in a bill. Senate Rules 61 and 62 deal with the introduction and first reading of bills in this house. The heading preceding these rules is "Public Bills", but the only difference between public bills and private bills in this respect is that a private bill is introduced after a petition has been favourably reported on by the Committee on Standing Orders or the Examiner of Petitions. The bill is then introduced and immediately given first reading. It is important to stress the difference in this respect between the proceedings in the House of Commons and the proceedings in the Senate, namely, that in the Senate it is not necessary to ask leave to bring in the bill, whereas in the House of Commons every bill is introduced upon motion for leave to introduce it.

Rule 71 of the Rules of the House of Commons reads as follows:

> 71. (1) Every bill is introduced upon motion for leave, specifying the title of the bill; or upon motion to appoint a committee to prepare and bring it in.
>
> (2) A motion for leave to introduce a bill shall be decided without debate or amendment, provided that any member moving for such leave may be permitted to give a succinct explanation of the provisions of the said bill.

The accent is on the word "may". It is not compulsory. Honourable senators will notice that subsection (2) of this rule provides that any member moving for leave to introduce a bill may be permitted to give a succinct explanation of the provisions of the bill. The giving of this explanation is not mandatory, but permissive.

I would like to refer now to Beauchesne's *Parliamentary Rules and Forms*, Fourth Edition, at page 270, where it is stated that at this stage only such succinct explanation is generally given as will enable the house to understand the purport of the bill. He points out that this is not the time for a debate on the merits and that debate should be avoided at this stage. He gives examples on pages 270 and 271 of cases in which this leave to introduce a bill was not granted, and the reasons therefor. These illustrations, however, are of no value in the Senate, because in this house a senator introduces a bill as of right and he does not require any leave to proceed, nor do the rules of the House of Commons or the Senate require an explanation to be given on first reading of a bill.

Quite frequently when bills come to this chamber from the other place the Leader of the Government in the Senate introduces them and they are given first reading. Then the carrying of the bill from that point on, through second reading, through committee and through third reading is done by one of his honourable colleagues. I am doubtful of the advisability of having the Leader of the Government, when he introduces a bill, giving a short explanation of it and then having the honourable senator who carries the bill from that time on give another explanation on second reading. There could be a conflict. I do not know that I would be in favour of amending our rules or following that practice. It seems to me that the procedure we have followed in the past has worked very well, and I hope it will be continued.

Honourable senators, coming as I do from the great wheat-producing province of Saskatchewan I think I should say something about wheat. I do not suppose I have made many speeches in this chamber without saying something about this product. The situation in so far as grain is concerned, particularly in Saskatchewan, which is the greatest wheat-growing province of all, is that we still have quite a quantity of unmarketed wheat and other grains stored on our farms. The wheat is safely stored and we expect to get rid of it eventually. There is some encouragement in the latest figures handed down by the Bureau of Statistics, which disclose that Canada's wheat exports rose to a five-year high in the first eight months of the current crop year. According to a report issued by the Bureau, Canada's exports rose to 193,600,000 bushels, which was an increase of 17,700,000 bushels over last year. It represents the highest figure for the same period of eight months since 1952-53, when we exported 224,700,000 bushels. These figures do not include gifts of wheat recently shipped to India, Pakistan and Ceylon. It is expected that, as sales are at present encouraging, Canada's total exports for the crop year ending July 31, 1958, will

total 300 million bushels, which was the figure mentioned last fall when I introduced the measure providing for cash advances on farm-stored grain.

Perhaps at this time I should take a minute to give some information on the total advances made to date under that bill. We thought at that time they might run to $125 million or $150 million, but the total is only $35,145,000, of which $20,230,000 has been refunded or collected back, leaving outstanding $15 million. The maximum advance under the legislation was $3,000 but the average advance was only $700.

Honourable senators, I had intended to say something about northern development and perhaps I still have time.

Hon. Mr. Macdonald: Yes.

Hon. Mr. Hugessen: Yes, go ahead.

Hon. Mr. Aseltine: When I was a young fellow living in the Ottawa Valley—in Lanark County, Ontario—we heard a great deal of the West. It was being developed very rapidly, and the slogan at that time was "Go West, young man." Well, after some fifty or sixty years the situation has changed considerably. The West is rather fully developed, and the agricultural land has been taken up and brought under cultivation. There are not so many advantages to be obtained by a young man going West now as there were then. In fact, a great many of our young men in the West find that coming East to the provinces of Ontario and Quebec is the thing to do. They have a better chance to get along down here than they have in the West because the land there has all been taken up. It is my opinion that with the Government's northern development program in full swing the slogan henceforth will be "Go North, young man."

Honourable senators will remember that Canada's first national development policy was that of Sir John A. Macdonald, who fathered the building of the Canadian Pacific Railway and other communications linking the East with the West. He had great vision, faith and confidence in the great Northwest, which resulted in the opening of that vast territory for settlement.

Now we have our present Prime Minister coming forward with another national development policy, namely, the opening up of another vast territory lying to the north of the 60th parallel of latitude, principally concerned with that part of Canada lying to the north of the provinces of Manitoba, Saskatchewan, Alberta and British Columbia. It comprises in area about 40 per cent of the total.

Honourable senators, in my opinion, the Canadian north is one of the last great undeveloped regions of the globe. I have always been interested in the far north territory, and have on occasion made speeches in connection with bills introduced in this chamber dealing with that part of Canada. I believe that the honourable senior senator from Winnipeg (Hon. Mr. Haig), and later on I myself, made speeches suggesting that the lands north of each of the four western provinces should be given to those provinces by extending their present boundaries as far north as the Arctic Ocean, or as far as the Arctic Islands, but that suggestion did not seem to meet with the approval of the inhabitants, and nothing was done about it.

I do not intend to go into this matter any further at the present time, but simply to say that about $450 million of new wealth has been created by oil alone in the West and Northwest. There is oil in the north also—about 25 million acres have been leased for exploration already. Oil companies will spend some $25 million on exploration alone. If honourable senators are interested in northern development, I would refer them to the lecture given by R. G. Robertson, Commissioner of the Northwest Territories on *The New North,* delivered at Carleton University, Ottawa, on November 16 last.

In addition to oil, we know that there are some millions of acres of arable land in the Yukon and Mackenzie River Valley, and also extensive forests in the Mackenzie Valley going farther north than the Arctic Circle, which are of commercial value and are beginning to be used. There are also commercial fisheries, and untold mineral resources which geologists tell us include all minerals known to man. The policy of the Government is to open up this great territory for development.

Honourable senators, I thought I should say something about the South Saskatchewan River dam, which has been a political football with us for many years.

Some Hon. Senators: Oh, oh.

Hon. Mr. Howard: Which side are you on now?

Hon. Mr. Aseltine: I am pleased that the people of Canada have now satisfied themselves that this is an important work to be done, giving us in that part of Saskatchewan a great central park, a lot of hydro-electric power, and irrigation of countless acres. We are pleased that approval has been given to this project which will be started this year. I believe that in the estimates a certain amount of money has been allocated for that purpose. I know it is a project that is very dear to the heart of the Prime Minister, who,

like myself, is a product of the Saskatchewan prairies, and who I believe taught school in certain areas near Saskatoon.

I have just one concluding sentence: All in all, the Government program outlined in the Speech from the Throne may well be the most exciting and constructive in Canada's history.

Hon. F. W. Gershaw: Honourable senators, may I first of all compliment the mover (Hon. Mr. Monette) and the seconder (Hon. Mr. Thorvaldson) on the eloquence of their addresses.

I also wish to compliment you, Mr. Speaker, on your splendid accomplishments. In addition, I wish in a very humble way to extend my hearty welcome to the new members of this Senate chamber; I hope they will take part in the work of the Senate and that they will find happiness here and an opportunity to make a contribution to the work of the Senate. May I also compliment the Leader of the Government in the Senate (Hon. Mr. Aseltine) on his appointment, and especially compliment him on the splendid speech he has just delivered.

In the Speech from the Throne appears a sentence which reads as follows:

> To promote and guide the proper long-term development of our National Capital region upon lines worthy of our nation, my Government will request you to enact a new National Capital Act to replace the present Federal District Commission Act.

There are many organizations in connection with the Federal District Commission, involving the province of Ontario, the province of Quebec, the city of Ottawa and a great many municipalities. The Federal District Commission has had difficulties in harmonizing so many diverse views. I hope there will be co-operation among the various bodies, and that it will always be remembered that the Federal District contribution comes from the taxpayers of Canada as a whole. It has been suggested many times that here in Ottawa we should have a Federal District like there is at Washington, but the information that was given before the committee which was set up to inquire into the matter was that such a plan was not altogether satisfactory to the people of the District of Columbia or to the United States Government. People like to have the right of voting and to have a say in their local affairs; but the people of the District of Columbia have not the right to vote, although they are not relieved from paying taxes. In 1956 the budget amounted to $181 million, $18 million of which was supplied by Washington, and the people of the district had to contribute the rest. The unenfranchised people had to contribute 90 per cent of the budget, and in fact Washington does not contribute to the District any more proportionately than the Dominion Government here contributes to the City of Ottawa. District of Columbia people have had to pay taxes on securities and bonds, cigarettes and soft drinks, and almost everything they have.

Hon. Mr. Quinn: Taxation without representation.

Hon. Mr. Gershaw: Yes. To make up this amount it becomes necessary to impose such taxes. Then again, the business affairs are largely run by three federal commissioners, two appointed by the President and the third loaned from an engineering organization. In addition there is a Public School Board, Public Utilities Commission, Police Board, Public Library Board, and quite a number of others, and the people have no say whatever in who shall make up the boards. That is not likely to occur here.

Upper Canada and Lower Canada united in 1840, and the legislative sessions in that period were held alternately in Montreal and Toronto. This was not very satisfactory. There were often fires, raids and disasters. In fact, the picture of Queen Victoria which hangs just outside the doors of this chamber was rescued three times from disaster.

Now, the name Ottawa seems to have been taken from an Indian word which means *Men of the Forests.* Men of the forests from time immemorial came down the Ottawa river, with painted faces, and garbed in skins of animals; they came in birch bark canoes heavily laden in spring with furs. These furs were sold to Eastern tribes, and in more recent times to the Hudson Bay and the Northwest companies. Queen Victoria in 1857 chose Ottawa as the capital of this country, and that choice, of course, was confirmed by Confederation in 1867. The city has continued, however, to be a self-governing municipality under the province of Ontario. In the early days Crown property was not taxable, and in 1877, owing to the increase in a number of buildings, small amounts of money were given by the Dominion to the city of Ottawa for sidewalks, roads, for water supplied to Government buildings. And then along about 1909 it was found that more assistance was needed by the municipality, so a grant to the city of $30,000 a year was arranged for. This went on until about 1925 when the situation, becoming more desperate, with many more buildings and so on, that it was then arranged that the city would get $100,000 a year.

This continued until about 1943, when the grant was raised to $200,000, and the next year to $300,000. Then in 1949 the Municipal Grants Act came into force, with $400,000 as the first grant, which was rapidly increased to

$2,750,000; and this year, according to newspapers, the city is going to get $3 million.

Now, in order to carry on the great work of making the capital worthy of the nation different commissions have been appointed. In 1899, the Ottawa Improvement Commission was appointed. That commission, which was given $60,000 a year, carried on for a long time, but by 1927 it was found that its activities were too much restricted and its financing altogether inadequate, so the Federal District Commission was set up. That commission was granted $250,000 a year—at least that was the arrangement in 1927. The next year some $3 million was put into the capital account of the commission and the annual grant was cut down to $200,000. That, of course, has been increased since then. The Federal District Commission is almost a Crown company under the cabinet, with a very long history. At the present time it receives an annual grant of $300,000. It gets about $111,000 as a supplementary allowance, and $113,000 for looking after the grounds around the Government buildings throughout the city of Ottawa. The commission gets something like $255,000 from rentals of property, and of course with that money it acquires land, looks after parks and parkways, employs and pays a large staff, purchases machinery and different things of that kind, and of course maintains an engineering department.

I wish to pay a tribute to the Federal District Commission for carrying on under great difficulty. That was made clear at the hearings of the Joint Committee of this house and the House of Commons which was set up in 1956. The committee received many dozens of memoranda, sat day after day and week after week listening to witnesses, all with divergent ideas, and it had a hard time in harmonizing all those ideas. The Federal District Commission consists of 20 members, one from each of the 10 provinces of Canada, two from the city of Ottawa, one from the city of Hull and the others from the surrounding municipalities.

The foundation of Ottawa dates from 1826 when the Rideau Canal was built. In 1832 Colonel By secured a grant of land for the Crown, and our Parliament Buildings are now located on that land. In 1903 F. G. Todd, a landscape architect, drew plans for parks and parkways in this city, and those plans have been used as a guide ever since. In 1913 the Holt Commission reported on the relocation of railway lines and recommended acquisition of Gatineau Park.

But the chief investigation and the master plan came in 1945 or 1946, when Jacques Greber made his report. It dealt with such things as uniformity in public buildings, the Queensway, the rural fringe, parks and parkways, the railways and particularly with pollution in the Ottawa River.

The Queensway has been recommended by the Greber Commission, the City of Ottawa and the National Capital Planning Committee, which is an advisory board. It is to be a speedway 10 miles long through the city. Highway No. 17 will be diverted into the city at Green's Creek, cross the Rideau River at Hurdman's Bridge, cross the canal, and continue west, crossing Carling and Bronson Avenues, along the route of the crosstown tracks of the Canadian National Railways. The Queensway is a dominion-provincial-municipal undertaking that will cost about $31 million. There will be along its route subways, bridges and cloverleaves. While of course a speed limit will be imposed, construction of this throughway will reduce traffic congestion in Confederation Square. Land is being acquired now for this highway.

Then there is the green belt, which we have heard a lot about lately. It has been said to be up to the Prime Minister entirely, but I think this is hardly a correct statement of the situation, because there are other parties involved. The green belt is simply a perimeter or rural fringe, about two to four miles wide, which will extend right around the urban district of Ottawa and Hull. It will not be just a swamp, vacant land, scrub, or anything of that kind. In it will be located churches, hospitals and schools, golf courses and landing fields, parks, and farms. There may be some homes, built on, say, 5½ acres of land, but there will not be a large number of houses that will need to be serviced with facilities, and there will not be any slum areas. Roads will run through this rural fringe so that people living in towns and villages outside may have easy access to the city.

The green belt will be an advantage to Ottawa, because it will eliminate the necessity of indefinite expansion of the city's public utilities. With utilities there is such a thing as an economic unit: the utilities will supply so much, and their capacity can only be expanded at great cost. This rural fringe will limit the urban area to 44,000 acres and its population to something like half a million. This will be of great advantage to Canada also, because if the metropolitan area is allowed to expand indefinitely there will be no limit to federal involvement.

The farmers living in the green belt area have for a long time been uncertain as to what was to become of their farms. Municipalities have been worried about what is to become of their areas. So, it is a matter of urgency and one in which I hope there will be full co-operation.

The matter of re-routing the railways is another big part of the plan. It was originally intended that the Union Station would be moved out to the Southeast of the city, but it appears that will not happen in our time. The city of Ottawa is divided into nine parts by railways and waterways; the city of Hull is divided into approximately four parts. It is said that the re-routing of the railway lines would have an esthetic as well as an economic effect. The Federal District Commission will construct the new Walkley facilities in return for the abandoned right of way of the Canadian National Railways crosstown tracks. It is hoped of course that a railway terminal company will be established to facilitate operation of trains into the city of Ottawa.

So, honourable senators, this one activity, which was recommended by Sir Herbert Holt in 1913, is going to prove of great value. The parks and parkways which were first recommended by Mr. Todd, back in 1903, are equally valuable. We now have 22 miles of scenic highways under the Federal District Commission, and some 900 acres of parkland. These scenic highways lead through the most beautiful part of the city, where there are gardens and flowering shrubs, and where is given a view of the waterfronts of both the Ottawa River and the Rideau River.

Hogs Back Park, some four miles to the south of the Parliament Buildings, adds about 170 acres to the 900 acres of parkland. It is a beautiful spot, with sanitary facilities and picnic grounds, and on hot days in the summer it is visited by thousands of people.

The Gatineau Park is a large triangular area northwest of the city which Sir Herbert Holt recommended should be part of the National Capital Plan, and steps have been taken to make it so. A driveway 45 miles long has been established through this area, along which there are four look-out points where a panoramic view of the hills and valleys, lakes and streams can be had. There is parking space where 580 cars may be accommodated without detracting from the scenery, and there are four well equipped picnic grounds with all the necessary facilities. This will be a recreation place for the people of Ottawa and for tourists who visit this part of Canada.

The Commission has already acquired 50,000 of the 75,000 acres necessary for the Gatineau Park system. This area can be used in the winter for skiing and other winter sports, and in the summer for bathing, boating, picnicking and other activities.

I now come to the last subject which I wish to discuss this evening, that of pollution in the Ottawa River. Cities everywhere are built on running streams or large bodies of water, and sewage and industrial waste from those cities find its way into the water.

May I say very definitely, honourable senators, that all public health authorities and medical text books say that water polluted by sewage is dangerous: it is dangerous because it carries the germs of typhoid, cholera, dysentry, gastric disorders, and in particular infective hepatitis, which is often not recognized. These diseases can of course be easily acquired by drinking the water, but they can also be acquired by swimming and bathing in it; the germs get on the skin and find their way into the intestinal canal. During the years between 1938 and 1943 some 327 waterborne epidemics were experienced in Canada and in the United States. The damage is measured by the biochemical oxygen demand; that is, the organic waste or sewage decomposes, uses up the oxygen, and many thousands of fish have apparently died in the Ottawa River from this very cause. There is a limit to the permissible amount of sewage in any stream.

A river tends to purify itself, if there is sufficient volume of water. At one place in the Illinois River, for instance, there were 1,100,000 organisms in a measured quantity of water, while 261 miles further down stream there were only 13,000 in a similar quantity, a relatively harmless amount. There the water was about as pure as it could be made by treatment. This purification is accomplished by aeration when a large volume of water flows over a long distance.

The same purification process takes place to some extent in the Ottawa River; but with the industrial waste and sewage from such places as Timiskaming, Petawawa, Renfrew, Pembroke and Hawkesbury coming into the river the water does not purify itself because there is not sufficient volume flowing a long enough distance to enable it to do so.

It should be said that the paper mills and towns have been co-operative, but in some places the BOD was 250 per million, when it should have been about 15.

In addition to the decomposition of organic matter, there is the bacterial pollution which of course is the most dangerous. We well remember a time when Winnipeg's water supply was taken from one river, and then for some reason, water was taken from another river. The water supply went along a certain avenue in that city where hundreds of cases of typhoid developed. The infection was traced up the Assiniboine River to a settler's home where there were several cases of typhoid, and refuse was being dumped into the river, thus causing this serious outbreak.

As regards bacterial pollution, 2,400 is the figure usually considered safe. That figure is sometimes found in the waters of the

Ottawa River above the Chaudiere Falls, where the city gets its water supply, but in other places on the Ottawa River the figures go as high as 16,000 and 24,000, and even up to 54,000. The place of gross pollution is between Chaudiere Falls and Green Creek, where the sewage enters the river.

Long experience has shown that it is possible to make water safe, and everyone seems to be agreed that something should be done in connection with the Ottawa River. Many delays have taken place: first the plan was delayed because of the First World War, then because of the depression, and later it was delayed because of the Second World War. The Gore and Storie Report estimated that a treatment plant could have been built for $22 million or $23 million; the figure now given for such a plant is $43 million. There has lately been a good deal of activity and investigation in this respect. A site has been secured for a sewage treatment plant.

I should like, honourable senators, to read two recommendations by the Ontario Department of Health, 1956, as follows:

> Remedial measures for the abatement and control of pollution in the Timiskaming, Pembroke, and Ottawa-Hawkesbury sections of the Ottawa River be undertaken without delay. These measures must be sufficient to restore and protect the uses of these waters to which the people of both provinces are rightfully entitled.
>
> Treatment of municipal sewage by sedimentation and disinfection of the effluent be undertaken by all communities as the initial step, and to be followed with secondary treatment to complete the task.

I should like to make clear that in my opinion this program should have first priority because of the danger which seems to exist by reason of water pollution.

In closing, may I say that a new capital area is arising, of which the Canadian people will be justly proud. During the past ten years some $170 million has been spent on this program, and many more millions will require to be spent in the future.

Bill 417, which has had its first reading in the other house would replace the Federal District Commission Act by the National Capital Act, and would implement several recommendations made by the committee which sat in 1956 to consider this problem. This bill will remove some of the uncertainties about expropriation of property. There was some doubt as to whether expropriation proceedings could be taken for park purposes, but this has been cleared up. It would seem, however, that the committee which sat in 1944, and again in 1956, might meet a little oftener, so that people would have a rather better idea of what is being done. Along this line it has occurred to me that if the National Capital Commission, instead of being a creation reporting to the cabinet, were to report to Parliament, and, instead of receiving statutory grants, were to have its estimates approved by Parliament, all Canada would know more of what is going on.

The object of the master plan, honourable senators, is not by any means to try to make this capital area the Washington of the North, or the Rome of the New World, but rather to relate the design to the natural surroundings, to preserve unimpaired the charm and beauty of the Ottawa Valley. Here we have the rugged grandeur of the Laurentians, the confluence of three historic streams, and memories of the great lumbering days of the past. It is our obligation to make our contribution to the plan. It is our sacred obligation to guard the war memorials, to erect from time to time monuments around these buildings in honour of the great political leaders who have gone before, to place memorials in the parks and around the hospitals so that the records of the early pioneers of this valley will not pass into the mists of forgotten things. In fact, we might very well take the advice given by Joseph Howe some years ago when he said:

> A wise nation preserves its records, gathers up its muniments, repairs its great public structures, decorates the graves of its illustrious dead, and fosters patriotism and pride of country by perpetual references to the sacrifices and glories of the past.

On motion of Hon. Mr. Robertson, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 28, 1958

The Senate met at 3 p.m., the Hon. Arthur M. Pearson, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

CENTRAL MORTGAGE AND HOUSING CORPORATION

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Charles G. Hawkins, Chairman of the Standing Committee on Finance, presented the committee's report.

The report was read by the Clerk as follows:

Your Committee recommend:

1. That they be authorized to print 800 copies in English and 200 copies in French of their day to day proceedings.
2. That they be authorized to send for persons, papers and records.

The Hon. the Acting Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Hawkins: With leave, I move that the report be adopted now.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

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

Hon. Wishart McL. Robertson: Honourable senators, the honourable Leader of the Opposition (Hon. Mr. Macdonald) has referred to the new senators and to the mover and seconder of the Address in reply to the Speech from the Throne in such appropriate terms that there is little I can do but express my entire approval of what he said. As was expected, both the mover and seconder performed their duties excellently. Their subject-matter was good, their delivery excellent.

I join with the honourable Leader of the Opposition in welcoming the new senators to this house. They represent different portions of Canada. I am sure they have from us all a very warm welcome.

I hoped to extend to His Honour the Speaker of the Senate personally my congratulations upon his continuance in office; but I would ask you, Mr. Acting Speaker, to convey my best wishes to him in his further occupancy of a position he so richly deserves. His conduct, I believe, has commended itself to all members of this house.

I cannot but feel a tinge of regret that the Honourable Senator Haig felt that the duties of Leader of the Government in the Senate were such that he should tender his resignation. He has rendered long and distinguished service in this house. Now that his party, which he has enthusiastically supported for so long, is firmly entrenched in office, I personally would have hoped he might have felt equal to carrying on the responsibilities of Government Leader in this house for a year more. However, he knows his own capacities best. I want to say that he has my best wishes for a long and happy life. Senator Haig and I have much in common. During most of the eight-year period when I had the honour to be Leader of the Government in the Senate the honourable gentleman was Leader of the Opposition here. From time to time it was necessary for us to differ on matters of policy in respect to legislation that came before the house, but nothing at any time interfered in any way, shape or form with our friendship.

When Senator Haig felt he should lay aside the responsibilities of Government Leader in the Senate I am sure every member of this house received with great pleasure the news that the Prime Minister chose the Honourable Senator Aseltine as the new leader. Senator Aseltine is one of the veteran members of the Senate and has distinguished himself in all phases of our activities. He has been a faithful attendant of the Senate and an energetic worker in committees, in which he has laboured hard and long. His appointment as Government Leader in this house is a good one, and I am sure he has the best wishes of every honourable senator on my side of the chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Robertson: I would like to say a word of congratulations to the honourable senators opposite as a result of the recent election which they and their Prime Minister won. I do not suppose I intentionally did very much to help them secure their victory, but I think it was an outstanding event in Canada's political history, and I want to compliment them, and the Prime Minister in particular, on the dramatic, decisive and amazing results. I would say, moreover, that the victory was all the more remarkable, because in the process of achieving it they

defeated the best Government Canada ever had, and one whose record was unsurpassed anywhere. Under the administration of Mr. King and Mr. St. Laurent, through war and peace Canada attained a new stature in the eyes of the world. By sound, progressive and far-sighted action, they created the atmosphere in which Canadians attained an unparalleled prosperity; they laid the foundation of this prosperity in selecting finance ministers who lived up to the best Liberal traditions. Ilsley, Abbott and Harris proved worthy successors of Fielding, Robb and Dunning. They made sound governmental finance the keystone of their administrations, thereby creating business confidence and encouraging investors both from domestic and external sources. They strove unceasingly to aid in providing markets for our great export industries, and as and when the finances of the country permitted they reduced taxes until our income tax was lower than that of any other country with like obligations. By a new basis of federal-provincial fiscal relations and new and increased social security benefits they provided that the rapidly rising national income was distributed fairly geographically and to all classes of society. But what to my mind was the greatest accomplishment of all was that during periods of great inflationary pressures they acted courageously and successfully in minimizing the effect of those inflationary pressures on the cost of living, thereby preventing the consumer from having his pockets picked.

Realizing the inflationary effects of huge capital programs from private sources being superimposed on tremendous expenditure for armaments, they kept other governmental expenditures to the minimum. They set up large reserves against our indirect obligations and against the expenditures that had been capitalized. They paid off the national debt until it was reduced by almost $3 billion from what it was at the end of World War II. In the very last budget that Mr. Harris presented to Parliament he again warned of the dangers of inflation and resolutely stood against increased governmental expenditures. He again pointed out that it did not make sense to increase government disbursements and reduce taxes with one hand, and take away the resulting benefits that would flow from these expenditures with the other by increased cost of living. He was criticized and ridiculed for not loosening his hold on the money bags of the nation, but he stood firm even in the face of a general election. He got scant credit and little praise for his courageous action, but he has mine, humble though it may be. I figuratively take off my hat to him for what he did. If it did not pay dividends as far as votes were concerned it certainly did in keeping down the cost of living, particularly to those in humble circumstances. For the five-year period ending 1956 the consumers' price index remained relatively steady, increasing only by a yearly average of three-tenths of one point for the whole period. That is indeed in all conscience too much of an increase, but amazingly little in the light of subsequent developments.

I am proud of having supported a Government with such courage; and may I say in passing that the time is rapidly approaching, if indeed it is not already here, when what Canada will need most is another Walter Harris at the financial helm.

Honourable senators, this problem of inflation and inflationary effect on the high cost of living is a most baffling and difficult one. It is something which does not refer or apply to Canada alone, as honourable senators know. It exists in the United States and in the European countries in varying degrees—with this, I think, difference, an outstanding difference: the countries of Western Europe, I think largely under the leadership of West Germany, have got such vivid memories of the terrible calamities that came to the whole of the middle-class people of Germany and France as a result of inflation that they have resolved never to let it occur again, and are moving far more intelligently in dealing with the problem than we are on this side of the Atlantic.

In many ways the situation as far as Canada and the United States are concerned runs fairly parallel, and I suspect largely for the same reasons. It has amazed me that there is such a lack of public interest in respect to inflation and its dangers in Canada, and I think it must flow from the fact that, rightly or wrongly, the success—for which, I repeat, the Government of the day got scant credit—in keeping the cost of living down over the last five years has lulled people who should have known better into indifference as to the hidden and lurking dangers of inflation.

In any event, that was the characteristic of our economy. A few organizations—one, in particular, the Canadian Association of Consumers—have done valuable work, but under very disheartening circumstances, with very little public interest and support. We seem, as a country and as a people, to have only one idea in mind—that if the cost of living goes up wages and the returns on capital investment should go up also, regardless of the source from which they can be secured, that there will be no day of accounting for our economy, no matter how high prices go.

That is an amazing situation, but very lately there has been the beginning of a difference. I think that, for instance, during the election campaign of 1957 and the period in

between that and the recent election, the subject of inflation and its effect on the cost of living was barely mentioned. The only explanation I can offer is that those responsible people who were interested and who kept abreast of these things had become indifferent because of the marked success they have enjoyed over the past five years.

As honourable senators know, the present Prime Minister, speaking at the recent meeting of the Canadian Labour Congress, called the attention of labour to the very serious consequences that business would suffer if the inflationary trend continued. The Minister of Finance recently made a similar statement, and the Speech from the Throne made passing reference to this problem. And well they might, honourable senators.

The report of the Bureau of Statistics for May 5, states that for the 12-month period ending March, 1958 the consumer price index rose 3.4 points, or 10 times as much as the yearly average for the preceding five years. Moreover, the rise continued for the last month, when it increased by almost a point for the one month alone.

It is only fair to say that these dramatic rises may not continue at an unabated pace. There are many factors which enter into the economic picture and may affect it. Let me state the problem very briefly, and the reasons for my thinking in respect to it.

I first reiterate that a continued increase in the cost of living and the cost of production in this country will have a most serious effect on every phase of our economy; that, as matters stand at the present moment the chances are very much greater that these costs will continue to rise rather than decrease. While this presents a difficult problem to handle, the only sane and practical solution I can suggest is that undertaken by the countries of the Common Market of Western Europe, under the leadership of West Germany, namely, to stop increasing wages and allowing higher profits. The answer to those who feel they need either higher net wages or higher returns is the lowering of the cost of living.

Honourable senators, let me give a few instances which, in my humble opinion, point to the reasons why if prices and costs keep rising—and I think they will—they will seriously affect our economy. The first, and perhaps the most obvious one, is that a rising cost of living can seriously impair the ability of our great export industries to export profitably. Honourable senators will remember well the self-evident truth of the statement, at least as far as our country is concerned, that the dynamic influence for growth and development comes basically from our great export industries. Our great prosperity has resulted not only from our exports, but from the tremendous capital investment that has come into Canada for the development of our export industries. That, honourable senators, is the dynamic influence. I think it has tended to lull us into an indifferent attitude toward the problem of inflation, and we have come to believe that because we have reasonably sound and intelligent people, and half a continent of natural resources, we have the world by the neck, so to speak, and that the peoples of the world must come to us. But it is now beginning to dawn on us, or it should be, that that attitude is far from the truth. Our most serious competition in the future is going to come from Soviet Russia as a producer of raw material. It is a country three times our size, and I think it is fair to assume that it has three times as much as we have in natural resources.

In Western Europe, there is another and a new development, namely, the European Common Market, which will enjoy a joint opportunity in the development of the natural resources of northern Africa. This joint operation will no doubt be carried on on a very much lower cost basis than we contemplate. If we continue to stand aside and watch our cost of living go up, our world export markets will be in serious danger.

We have had a huge flow of capital into Canada, but let me say it did not come out of investors' love of Canada, particularly; it came as part of a business enterprise for the purpose of making a fair return on the money invested. The moment it becomes known, or is thought to be so, that because of our high costs we cannot export profitably our basic production to the markets of the world, we will find that capital drying up quickly. Indeed, there will be no problem of too much American capital flowing into this country—there won't be any such capital. The problem then will be, how to get it out of the country without dislocating our economy.

My second point is that a rising cost of living will aggravate the difficulty of our secondary industries, already high cost producers, to meet outside competition, which is likely to be intensified. Honourable senators know that our secondary industries depend almost entirely on supplying goods to meet local demands, rather than on export trade. It must be remembered that the secondary industries are in a precarious position. According to the Gordon Report, small volume and less expert production are the main reasons why the output per man now in Canada's secondary industries is some 35 to 40 per cent below that of the United States. Indeed, if it were not for the fact that, as

the Gordon Report says, labour in this country is paid about 25 per cent less than that paid for corresponding positions in the United States, it would be almost impossible to survive under present circumstances. But if we drive our costs of living up, and the cost of production continues to rise, our secondary industries will become more and more vulnerable to outside competition, both from the United States and Western Europe.

Someone may suggest that the answer to this problem is the putting up of tariffs. I doubt very much if public opinion in this country would allow tariffs to be raised high enough to compensate for the difference in cost. If that were done, it is a self-evident fact that it would only aggravate the problem by causing a further rise in price.

My third point is that a rising cost of living places an intolerable burden on those who depend on fixed incomes, such as pensioners and that large group of people whose incomes are small and not easily changed. I think that is the most pitiable and tragic effect of our economy today, that the great mass of people on fixed and lower incomes are finding the cost of living going up again and again beyond their reach and thus creating an intolerable situation. I notice that some public men have recently advocated an increase in Government-paid pensions to meet this very situation. But it must be remembered that there are hundreds of thousands of people in this country who cannot go to the Government to get an increase in their payments, simply because the cost of living is going up. These people are being placed in an ever-increasingly difficult position.

As the cost of living goes up it raises a serious question as to the wisdom and effectiveness of all forms of provision for the future, such as life insurance and pension plans. When these schemes mature, what will the money be worth? I read somewhere once about the inflation in Western Germany which followed the First World War. At that time the whole pre-war mortgage indebtedness of Germany could have been paid off with the equivalent of one cent American. The whole of the great debtor class, consisting of those who owned obligations with which they had sought to provide for the future, was swept away. Of course there were others who gained tremendously by these conditions, but the upset was terrific. Inflation lessens the value and attractiveness of all forms of fixed income investment, such as bonds and mortgages, with the natural result that people who intend to invest will require higher rates of interest as compensation for increased risks. The same trend imposes increased charges on federal, provincial and municipal Governments in their efforts to provide their respective services, with the result that taxes become higher and higher. Honourable senators know that very well from their own experience. Nova Scotia is a province which we have always regarded as soundly financed; but when, just recently, the federal Government provided it with an additional $8 million, the money was swallowed up in the first budget. The province has now turned to a sales tax to finance estimated provincial costs of hospital insurance. I am just as sure as that I stand here that similar rising costs have been pyramiding all over the country, so that municipal obligations fall on the neck of the province, and provincial obligations on the federal Government's neck. The honourable senator from Churchill (Hon. Mr. Crerar), former Chairman of the Finance Committee, and the honourable senator from Milford-Hants (Hon. Mr. Hawkins), the present chairman, as well as the honourable the senior senator from Winnipeg (Hon. Mr. Haig), who had a prominent position on the committee, have warned this country of the dangers of inflation, but for some curious reason little or no attention is paid to counsels of this kind. The honourable Leader of the Opposition (Hon. Mr. Macdonald), speaking in the course of this debate, said it would be worth while for the Senate to go into the question of inflation. I believe it would. Perhaps we are too much occupied at the present moment with the work in hand.

But this question will not be settled in a day, nor by legislation, but only by the force of public opinion, plus wise leadership on the part of governments. Otherwise it will strike at the whole basis of our economy. I also suggest that it tremendously increases and complicates the problems of our institutions of higher learning, particularly those which cannot readily turn to the Government to meet their increased costs. Honourable senators will find an example of the current attitude in a document which appeared on my desk this morning, containing representations by a very fine group, the legislative committee of the railway brotherhoods, who present to the Government various requirements in which they are interested, notably with regard to social security, and covering a wide range of demands. I notice, for instance, requests for higher old age pensions, larger children's allowances, more of this, that, and the other thing, based on the rising cost of living. But I did not see a single suggestion in this document, from one end to the other, although I read it two or three times, as to the desirability of doing something to decrease the rising cost of living, though surely it is something that should

have been taken into consideration. I admit that the date of the publication was May 1, so probably it had been printed some weeks before the startling and dramatic report from the Bureau of Statistics, which is dated May 5 and covers a relatively recent period. We know, honourable senators, that this problem exists, and we cannot be indifferent to it.

I wish to give a few reasons why I think living costs are more apt to increase than decrease. In the first place, as I have already said, there is in this country an amazing lack of consumer consciousness. The organization I referred to as the Canadian Association of Consumers is the only one that I know of which is interested in a solution. Remember that inflation, once it gets started, does not need anyone to push it along. What we have to do is to force it down, not push it up, because in that direction it can look after itself. The question is whether there is public interest or an adequately organized effort to counteract this upward movement.

My second reason for believing that living costs will increase is based on the continuing vast expenditures on armaments and the large program of capital expenditures. Honourable members will recall that the report of the bureau indicates there has been no diminution this year of the private capital program for investment and charges for armaments. In addition, all Governments are committed to large capital expenditure programs. Not only will armaments expenditures not decrease, but they are very likely to increase. I believe our own Prime Minister has stated that unless some workable limitation of armaments can be found, our own costs in this direction will be—to use his own expression—fantastic.

Further, there is in this country no influential group dedicated to forcing a decrease in rising costs. At least, I know of none. Organized labour is more concerned to use higher costs of living as an argument for higher wages than to join any concerted effort to get costs down. I am not blaming labour at all, and I am reasonably certain that success will attend its efforts. For one thing, the Gordon report states that salary and wage scales in secondary industry are 25 per cent lower than on the American side, and it is generally conceded that Canadian costs of living are higher. That is a very strong argument for organized labour to use, and they can be counted upon to use it to the hilt.

It used to be that agriculture was a champion of lower costs of living. Now organized agriculture has thrown up the sponge and is placing its faith in governmental price supports, and it can be counted upon to demand and secure higher and higher price supports as living costs increase. And you can't blame these people.

Those on fixed or low incomes who stand to suffer most from an increasing cost of living are not organized and have few effective champions either within or without Parliament.

Secondary manufacturers are seeking to solve their difficulties by asking for increased tariff protection. Some temporary benefits may result, but the long-term result is to further aggravate the problem.

There is no political party in Canada dedicated to efforts to lower the cost of living. The Conservatives are protectionists, the C.C.F'ers are protectionists, and sections of the Liberal party are badly infected.

Lastly in my reasons for thinking the cost of living is more apt to increase than decrease is this one. There exists, I believe consciously or unconsciously, a large group of people in this country, as in all other countries, who, far from being opposed to inflation and rising living costs, are at least very tolerant of the idea and quite reconciled to its inevitability. Some, indeed, have already reaped large profits from inflation and stand to gain them in the future if it continues—profits which often are in the form of capital gains, exempt from income tax.

In every country which has been faced with this most difficult problem of a continued rise in the cost of living, one of the most serious facts is that those who could be most counted upon to exercise a positive influence toward solving the problem have been either opposed to anything being done or indifferent. I have suggested possible reasons why a continued rise must be injurious to our economy, and I have also pointed out why I think there will be a continued rise. Now I am going to make the only possible suggestion I can for a solution.

It may well be that at this moment we in Canada are experiencing the beginning of an inflation-bred recession. Certainly it is different from recessions of the past, for the rising cost of living is keeping pace with increasing unemployment. How to cure the situation presents a most baffling problem. Suggested measures to alleviate unemployment may well aggravate inflation. The measure which comes first to mind, as far as unemployment is concerned, is increased expenditure on public works. Actually, in the United States, where the condition is not unlike ours, the Government has been postponing decision on the proposal to undertake a great program of public works, for the very reason that while such a program would

of course tend to solve the question of unemployment it would at the same time just heap new fuel on the inflationary fire.

I suggest that our troubles in this respect in Canada began with the circumstances surrounding the North Atlantic Treaty. Fear of Soviet Russia led us into joint expenses of huge proportions for armaments, and at the same time unsettled world conditions elsewhere induced the United States to embark on huge developments in Canada as the nearest and most reliable source of raw materials. Both activities resulted in demands for consumer and capital goods far beyond our own ability to supply. Europe was busy with her own needs. Fortunately for us, the United States could supply us and did; otherwise our inflationary troubles would have been much worse.

In my judgment, the wisest and most far-seeing men of our time are those who realized the strain that these expenditures for armaments would make on the economies of member nations, and who drafted Article 2 of the North Atlantic Treaty. We all signed it. We all agreed to eliminate conflict in our economic policies and to encourage economic collaboration. Ten years have gone by and in this respect NATO has done nothing. Tired of waiting, six of the 15 NATO partners headed by Germany and France have agreed to remove all obstacles of trade between themselves over a period of 14 years. They have agreed not to raise new barriers in the meantime. They are moving to pool their production of armaments to reduce costs. Their answer to inflation is to lower costs of living by competition and mass production. The success they have already attained is prompting the seven other NATO partners in Europe to seek to join them, and they are negotiating to do so at this moment.

Honourable senators, it remains for the two other members of NATO, located on this side of the Atlantic, to stand aloof, and we are beginning to pay the penalty. Economic relations between Canada and the United States today are worse than those between France and Germany. I repeat: today, despite all our close association of language and history, and our experience of fighting side by side in two world wars, the economic relations between us are worse than are those between France and Germany. Think of what I am comparing. This spectacle of Canada's relationship with the United States as compared with France's relationship with Germany is an outstanding vindication of those who, looking for co-operation between partner nations, wrote into Article 2 an agreement to endeavour to remove all international trade rivalries between them. We on this side of the Atlantic are drifting into a position of vying with each other as to which will become the greatest citadel of economic nationalism. I don't know which of us will win the dubious honour, but the United States is in a much better position than we are to withstand its effects. We should avoid at all costs economic isolation from the rest of the Western World.

I believe that the only way we can reduce the cost of living and solve our other economic problems is for Canada and the United States to follow the lead of those NATO partners who have already joined the European Free Trade area, and the seven nations who are contemplating joining. We should join the European Common Market in the free trade area. The European members of NATO are implementing the spirit of Article II, and we should join them. We and the United States solemnly agreed to economic collaboration between the members, and we should honour our undertakings or get out of NATO if we are not prepared to do what we said we would. We, like them, should progressively remove our tariff barriers over a period of years, and, what is of even greater importance —as we know from bitter experience at the present moment—agree not to increase them in the meantime. We should get prices down, not by controls, but by the clear, clean air of competition flowing through our economy. We should pool our armament expenditures before these staggering costs bankrupt us. After putting our own house in order we should welcome the greatest possible trade with the Soviet and other communist countries. In the development of international trade lies the greatest hope for the future.

Hon. Clarence V. Emerson: Honourable senators, in rising to contribute these few remarks to the debate, it is a great pleasure to extend my compliments to the Honourable, the Speaker of the Senate, and to the Deputy Speaker. I am sure that all honourable senators agree that the traditions and dignity of this chamber are in most capable and gracious hands.

At this time I will also take the opportunity to pay my tribute of respect to the honourable gentleman who discharged the heavy duties and responsibilities of the Leader of the Government in the Senate during the session which ended on February 1 (Hon. Mr. Haig). I am glad that his wise counsel and wealth of experience are still at our general disposal although the burden has been eased for him in this session. The former leader will always be known as a great Canadian—

Hon. Senators: Hear, hear.

Hon. Mr. Emerson: —and it has been one of the privileges of my life to have had him as guide and friend during my early days in this chamber.

May I congratulate the two honourable senators who so ably moved and seconded the Address in reply to the Speech from the Throne.

I extend most hearty congratulations to the honourable senator from Rosetown (Hon. Mr. Aseltine), who has so capably undertaken the position of Leader of the Government in the present session. His qualifications have been accumulated through many years of public service and it is altogether fitting and proper that his great experience and knowledge of public affairs should now be recognized in such an appropriate manner.

I extend my felicitations to the deputy leader as well (Hon. Mr. Brunt), and I share the general regard for his great ability.

I extend most friendly greetings to the Leader of the Opposition in the Senate (Hon. Mr. Macdonald), knowing that his responsibilities are always undertaken with a conscientious regard for the dignity of Parliament and for the good of Canada.

I congratulate the honourable senators who have entered this chamber for the first time. I have no doubt that their contribution will be a most useful and valuable one in the months and years to come.

Honourable senators, the present session has begun under political conditions which have no precedent in our history. In the general election of March 31 last the Prime Minister and his colleagues were returned by the largest majority ever accorded any leader of a national government. No leader has ever received as great a mandate in our political history. I am sure that this tremendous vote of confidence, by the people of Canada, is a tribute to the record of the Government during the short life of the Twenty-Third Parliament. The people had voted for a change, and the Prime Minister and his colleagues indicated clearly by action and through legislation that they understood and obeyed the voice of the electors. Of course, it was a great personal victory for the Prime Minister. In less than a year and a half he had overcome difficulty after difficulty, obstacle after obstacle. He had melted away coldness and misunderstandings which had existed for generations, all the time gathering new strength and support from all classes and creeds and from every section of Canada.

The election represented a great personal triumph, yet I am sure that every Canadian admired the Prime Minister for his humility and sense of dedication which were expressed in the few words that he addressed to his fellow Canadians on the night of the election. It reminded us that we live in a country where religion, moral purpose and human decency remain all important in our political life.

Let me say that we in New Brunswick understand that the policy of the Prime Minister and of the Government is to develop all parts of Canada; and we understand that in due course, East and West, North and South will receive the benefits of this new policy and of what the Prime Minister has so aptly described as this new "vision" of Canada's destiny.

The honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) was most gracious in his reference to my maiden speech last autumn, but implied that he did not recognize New Brunswick from my description. Perhaps this was due to the fact that some well-known political landmarks disappeared in June and some more were among the missing on March 31. However, I know that the honourable senator, in spite of his jocular remarks, shares with me an abiding love for our province and a common determination to do everything that we possibly can to further the prosperity and well being of New Brunswick and of its people. I am sure that my honourable friend joins with me in welcoming further changes which will benefit our province. I refer to the plans for a large oil refinery in East Saint John and a new paper mill in Lancaster. These will involve total capital expenditure in the tens of millions of dollars, create several thousand new jobs, and greatly increase the industrial area of the Saint John-Simonds and Lancaster —already the largest industrial district in the Atlantic provinces. These projects are being undertaken by the K. C. Irving interests, which already have done so much to develop New Brunswick resources. This new evidence of faith in the future of the province has been very encouraging to every citizen of New Brunswick.

The establishment of this large refinery in East Saint John will also involve a great increase in ocean tonnage, as oil tankers will be continually using the port. At the present time, the large capital investment in docks, warehouses and port facilities of many kinds is only used for a few months during the year. It has always seemed to me that a sound economic policy for Canada as a whole should be worked out in such a way as to make much fuller, if not complete use of the ports of Saint John and Halifax. I trust that the Department of Transport will take this broader and longer-term view of the transportation problem in the surveys and investigations now being carried on. The completion of the St. Lawrence Waterway requires a complete survey of conditions— not as they existed twenty years ago, but as

they exist today. I would remind honourable senators that Saint John and Halifax, as well as smaller Maritime seaboard cities and towns, have an important stake in the future of their ports.

Saint John could be one of the world's great ports, and the new oil refinery will certainly lead to expansion in many ways. The Government has already made a magnificent beginning in helping the Atlantic provinces to help themselves. It seems to me that the overall transportation picture is the next problem that should be undertaken.

In connection with transportation problems, the question of the Chignecto canal immediately becomes of great importance. It could be the key to greater development of coastal trade. The construction of the St. Lawrence Seaway has directed attention to the problem of coastal shipping. Although we have neglected water transportation for many years, we can no longer afford to overlook it and must give it the proper place in the overall picture. Since the Chignecto canal delegation visited Ottawa in 1950, under the previous Government, there have been many changes, including the building of the Seaway.

For many years some protection of our position has been afforded by the fact that foreign shippers had to use a combination of water and rail in shipping to ports on the Great Lakes. The Seaway gives them the advantage of reaching the heart of the continent by an all-water route. Foreigners can enjoy very low westbound cargo rates and ship all the way by water. This situation is likely to destroy the advantages or preference we had in transportation by rail. Our position could be worse than it ever was. The hope of the Maritime ports is to have water transportation restored to its former utility, and in order to do that the construction of the Chignecto canal, in my thinking, is essential. Important savings in sea miles would be possible, and many economic benefits would result from an early start on construction. Although much information has been compiled in regard to the canal, from time to time, construction data and estimates need to be revised in the light of present day construction costs and present day construction methods. Furthermore, estimates of the potential traffic and tonnage for the canal could probably be revised upward as well in view of economic developments in the Maritime Provinces during the past few years.

For all these reasons, honourable senators, I strongly advocate new interest and support for this great project.

On previous occasions, I have recommended that the federal authorities add fire-fighting equipment to the facilities of the port of Saint John. Some twenty-five years ago the port suffered a crippling blow from fire, and it could do so again, because the proper equipment is not yet available to put up a really effective battle against a large fire on the Saint John waterfront.

I would call honourable senators' attention to the opening of Atlantic House in London, during the latter days of May. This is an example of co-operation among the Governments of the Atlantic provinces, because the full costs of this trade office and of maintaining an Agent-General for the Atlantic provinces in the United Kingdom is being met entirely by the four provincial Governments. No federal assistance has ever been suggested or applied for for this purpose. The Premiers of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland are now in London for the opening. The co-operation which these gentlemen have achieved, although they differ politically, is an example to the rest of Canada. They form an exceptional group of political leaders who have been able to place regional welfare high on their list of priorities and to serve the cause of Atlantic improvement with real devotion.

Moreover they have maintained this co-operation and worked for the mutual interests of their people without forgetting the welfare of Canada as a whole and the welfare of other regions of Canada. This is a new kind of Canadianism, where loyalty to one region of Canada does not prevent loyalty to our country and to its larger interests. That is the kind of self-respecting Canadianism which you will find everywhere in Atlantic Canada today.

Before closing, I would like to say a few words in favour of greater consideration for the municipal level of government. Federal and provincial governments undoubtedly have severe problems to face, but their resources and the legal and constitutional means which they can use are far greater than municipalities can ever have. I believe that recent readjustments in income transfers from the federal to the provincial levels will permit the provinces to do more for the municipalities. In New Brunswick, Premier Flemming recently called together the first Provincial-Municipal Conference in the history of the province, where free and frank discussion took place. The results of this conference exceeded expectations, and I am sure that the Premier's action will mark a new step in this direction.

It has been my personal privilege and responsibility to have had a great deal to do

with the management of a large general hospital. We have been conducting a large capital expansion program and have had to deal with the great number of questions which face all hospitals today.

I highly commend the federal Government for pushing boldly and more speedily forward in bringing the great program of National Hospital Insurance nearer a reality. In New Brunswick rapid progress is now being made, although the province has observed all due care and precautions in working out a proper procedure. I have great confidence that the scheme finally adopted in New Brunswick, which will probably involve the collection of premiums rather than new taxation, is going to be a great benefit in hospital operation, although problems are certainly involved.

Hon. Mr. Reid: Try a sales tax.

Hon. Mr. Smith: They already have one.

Hon. Mr. Emerson: In the long run, over a period of years, the assurance of a steady income to hospitals is going to strengthen our institutional set-up—lead to more and better hospital facilities.

I approve of the Government's initial plans, in general, and commend the wisdom which has been shown in developing a broad program, adaptable to the peculiar conditions of each and every province. All that I would recommend at this time is that all due consideration should be given to the possibility of having hospital capital costs included in the legislation at a future time. It seems to me that the Hospital Insurance Plan will always fall short of complete success until capital charges are taken into consideration along with other factors in connection with institutional operation.

Honourable senators, I wish to commend that portion of the Speech from the Throne which deals with the proposal for special attention to small business. This is of great interest to us in the Atlantic provinces, where such a large part of our economy is geared to small business operations. These cannot afford the research, accounting practices and the compiling of data and information which larger business units and corporations are able to use. As a result, small firms fall further behind in the economic race than is actually necessary. It seems to me that the federal authority, through the Department of Trade and Commerce or some entirely new agency, should deal quickly and effectively with this problem. Small business will continue to be a source of strength to our way of life if this can be carried out.

I also desire to extend my best wishes to honourable senators from British Columbia, upon the occasion of the one hundredth anniversary of the founding of that great province. Its great and wide variety of natural resources make it one of the greatest treasure houses on the continent. As honourable senators know, many thousands of New Brunswickers have settled in British Columbia over the years, and many have attained positions of great prominence. A native of Kent county was Premier some years ago; while the present Premier is also a native of our province. A number of honourable senators representing British Columbia are also natives of New Brunswick. So there has always been a close tie between our two provinces.

I know that many citizens of New Brunswick will visit British Columbia during the centennial celebrations. I trust that citizens of British Columbia, in turn, will visit New Brunswick, the holiday province of the eastern seaboard. I can assure them of a warm welcome.

I have listened to the honourable senators in this chamber with admiration and respect. They have contributed much in ability, eloquence, balanced and unbiased judgment. Many have been here for a long period of time. Their presence and dignity have added much to the Senate. In passing, may I say I feel privileged to sit among them. This world and the Senate in particular have been enriched because of them, and by others who have also passed through these portals but have long since been called to higher service.

In closing, may I say that we are all looking forward to the visit of President and Mrs. Eisenhower in the near future. In spite of recent events and some temporary misunderstandings, I know that all Canadians will unite in welcoming this great world figure to our national capital.

We are also looking forward to welcoming Her Royal Highness Princess Margaret later on in the summer. Her coming will be a great moment for our citizens from coast to coast. It is also of great importance that the United Kingdom Prime Minister and other British political leaders will also visit us in the months to come. Canada will welcome one and all, and they will come not as strangers but as friends and brothers in a great fellowship of nations.

Thank you, honourable senators. Merci beaucoup.

On motion of Hon. Mr. Choquette, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 2 to 17, which were presented yesterday.

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

57075-4—7½

THE SENATE

Thursday, May 29, 1958

The Senate met at 3 p.m., the Hon. Arthur M. Pearson, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 18 to 30, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, with leave, I move that when this house adjourns today it stand adjourned until Tuesday next, June 3, at 8 p.m.

Motion agreed to.

THE NORTHWEST

NEWSPAPER REPORT—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. W. M. Aseltine: Honourable senators, before the Orders of the Day are called I wish to rise on a question of privilege. I was more than surprised on Wednesday afternoon when I picked up the Ottawa *Journal* and read this heading over an article dealing in part with my speech of Tuesday night: "Senator urges Western Provinces run boundaries to the Arctic." I said nothing of the kind. What I did say was something more or less of an historical nature. I was not urging what this headline suggests, for I know that the people up in that territory are not in favour of this sort of thing at all. They do not want it. They want to become the eleventh province of Canada just as soon as they have enough population and get organized for the purpose. I was merely introducing my remarks on northern development by saying that I had always been interested in this subject, that the country involved was north of the province in which I live, that on different occasions I had spoken on bills which had to do with the Northwest Territories, and that on one occasion the senior senator from Winnipeg (Hon. Mr. Haig), and later on I myself had suggested that extension of the boundaries of the western provinces might be worthy of consideration. I also said quite clearly that the people in the territory were not in favour of this. I certainly never urged that the boundaries of these provinces be extended to the Arctic. I would not want my friends up there, with whom I corresponded on this very same subject, to think I was letting them down.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

(Translation):

Hon. Lionel Choquette: Honourable senators, first of all, I wish to congratulate most sincerely the two honourable gentlemen who moved and seconded the Address in reply to the Speech from the Throne. Of course, I have not had the privilege in the past of being present in this chamber during previous debates on the Address but, judging from the generous response to these speeches last week, I must conclude that they were in the best tradition of the Senate.

May I, Mr. Acting Speaker, congratulate the Speaker on his reappointment to the high post which was entrusted to him at the last Parliament and which he continues to occupy with the dignity and ability he has already shown. Need I add, Sir, that these congratulations apply to you also.

I now wish to congratulate the new Leader of the Government. There are few of us on this side of the Chamber, but we are closely bound together and we follow the general directions of our Leader. One would have to be less than perceptive not to notice the unanimous approval with which his appointment was greeted on both sides of the house.

May I also express to the Leader of the Opposition my deep appreciation of his calm and dignified attitude. As a new senator, I must say that I have been most favourably impressed.

Hon. Senators: Hear, Hear.

Hon. Mr. Choquette: As you know, I am the first French-speaking senator to be appointed to represent my compatriots of Eastern Ontario. I note with pleasure that in the other place several members make a point of speaking French even though they themselves are English speaking and I see that the same custom prevails in the Senate. There

is no better evidence of the presence in our country of a spirit of true understanding between the two great races, because it seems to me that when one racial group learns to speak the language of the other, national unity is thereby strengthened. Relations between Anglo-Canadians and French Canadians are closer today than they have been at any other time in our history.

A few months ago, the public school board of Oakville, in Ontario, announced that beginning with September next, French would be taught in Grade 8 in all the schools coming under its jurisdiction.

Regarding that decision, Mr. J. Bascom St. John wrote, in the *Globe and Mail* of Toronto, that the reversal of attitude on the part of Anglo-Canadians towards the French language was—

> —one of the most striking phenomena of the post-war period.

He added that such a proposal would formerly have been greeted with violent opposition but that this is no longer so. Such a change testifies to the national unity we have achieved.

(Text):

Honourable senators, may I now continue my remarks in English by offering my sincere congratulations to my colleagues the mover and the seconder of the motion for an Address in reply to the Speech from the Throne. I have, of course, not had the opportunity of being present in this chamber during previous debates on the Address, but judging from the generous response to these speeches I must conclude that they were in the highest tradition of this chamber.

Next, may I extend my compliments to the Honourable the Speaker of the Senate as he continues to occupy with dignity and authority the high office to which he was appointed in the last Parliament. Needless to say, these compliments apply in full measure to you, sir, also, as Acting Speaker.

May I now congratulate one newly appointed in this Parliament namely the Honourable the Leader of the Government (Hon. Mr. Aseltine). We few, we band of brothers, look forward to his leadership, and I would be less than perceptive if I did not notice the popularity of his appointment on both sides of this house. May I include in this tribute my felicitations to the Deputy Leader of the Government (Hon. Mr. Brunt).

I would like also, if I may, to express my appreciation of the moderate and statesmanlike attitude taken by the honourable the Leader of the Opposition in the Senate (Hon. Mr. Macdonald). I, as a new senator, must say that he has created a most favourable impression.

I have known many honourable senators for over 40 years, and I am happy to become again closely associated with them. Some 35 years ago the Honourable John Connolly and I were sitting alongside each other on the benches of the University of Ottawa, and I never thought then that some day we would both be sitting together in the Senate, he representing Ottawa West, and I, Ottawa East.

Exactly 23 years ago this month the Honourable Senator Joseph Bradette, who was then Member of Parliament for Cochrane, gave the bride away at my wedding. He was recalling that fact to a group of honourable senators a few days ago, when one honourable gentleman remarked: "That is the trouble with Senator Bradette: he has given too many brides away! He should have kept at least one for himself!"

Another gentleman with whom I am happy to become more closely associated is that great journalist who has recently published in one of our local newspapers short biographies of all the Prime Ministers of Canada and all the Opposition leaders he has known personally during his distinguished career biographies which, I hope, will be published soon in book form for the enlightenment of all Canadians. I refer to the Honourable Senator Charles Bishop, who has been my next-door neighbour for the past 15 years.

We are all aware of how much we have to learn from our native Canadians, the Indians, who are so well represented here by our colleague, Senator Gladstone. The senator was appointed to the Senate at approximately the same time as I was and he occupies a room a few doors away from mine. But it was he who convinced me that, in the course of time, the Indians had learned at least something from the white man. This is the story as he told it to me. A gentleman from New York who had never before left Manhattan Island was always interested in the lore of the Indians, from whom, indeed, the island was originally purchased. So he came to northern Canada to improve his education in this regard. While here, he was fortunate enough to meet an Indian Chief. He asked the Chief, "Is it going to be a cold winter in Canada?" The Chief replied: "Heap cold." With wide eyes, the New Yorker asked the Chief, "How do you know?" The Chief replied: "White man's wood piles high." It is recorded that the New Yorker returned to Manhattan Island and has not left since.

Lack of communication is the greatest barrier to understanding, and I am happy to see that it is gradually being broken down, particularly in this country. I note that honourable senators are making a determined effort to speak both in English and French. The other ethnic groups are also striving to be able to communicate their thoughts in one or other of the official languages of Canada, while preserving their own cultures, and indeed, religions, which they brought with them from abroad.

I do not know how many honourable senators have had the opportunity of visiting some of the towns and villages of the western provinces, but I have, and I was amazed to note the harmony, *bonne entente* and sense of national unity that exist in those communities. Some towns whose population does not exceed four thousand people might have as many as six churches whose denomination may be identified by the style and structure of the buildings. These people, many of whom have migrated to Canada from countries now behind the Iron Curtain, understand and appreciate the true meaning of freedom of speech, freedom of thought and freedom of worship, and when we see them living side by side in such close harmony and adapting themselves to our way of life we cannot help but realize that we possess, besides our vast natural resources, all the necessary human and spiritual resources with which to build a strong nation and a great country.

Honourable senators, it is easy to be pessimistic. Indeed, in this imperfect world, a dedicated pessimist will always find plenty of ground for gloom. And today, both nationally and internationally, Canada faces challenges as serious and as pressing as any it has faced in the past. Nevertheless, in my opinion, Canada is in a position as favourable as that of any other country in the world to meet its present and future challenges, whatever their character. May I list some of the basic reasons for this belief:

Canada's material resources are virtually unlimited and, especially to the north, virtually untouched. We are already aware, from the Speech from the Throne, of the Government's plan for the development of that vast part of the country.

Canada's human resources consist of approximately 17 million people—English, French and a great variety of other ethnic groups living together and growing together, in the manner I have just described, as Canada expands. Some of us may see 50 million people in Canada, and, if not, our children will.

Canada's system of Government, based on the British Parliamentary tradition, is the equal of any in the world. Among other things, it conduces to stability of Government —a necessary and desirable condition which, as honourable senators know, is rare enough in other countries. I will take my cue from the Honourable the Leader of the Opposition (Hon. Mr. Macdonald), and avoid the temptation of indulging in narrow partisan observations, but I think it is quite clear from the recent election that the people of Canada were not satisfied with a minority Government which might be dislodged at any moment by caprice, accident or design, and that they made their will known unmistakably from one end of Canada to the other. There will be a Canadian Government firmly in office for at least the next four or five years, and this in itself is a good thing. I will go no further, though my instincts might urge me to extend my observations at this point!

Hon. Senators: Oh, oh.

Hon. Mr. Choquette: In addition, we now have a truly national Government, fully representative of all provinces, which Government should be in a favourable position to eliminate or reduce sectional rivalries and to accommodate, so far as possible, the views and aspirations of all the provinces.

Further, the people of Canada, as the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) has already said, have in effect restored the two-party system. I think most honourable senators will welcome this eventuality. Certainly it is an understatement to assert that a multiplicity of parties does not contribute to the orderly functioning of the Parliamentary system.

And finally, in my view, Canada has the finest Civil Service in the world, capable of accomplishing what may be asked of it by Government in the days ahead.

Honourable senators, having made these few remarks, I would like to express my pride and pleasure in being able to join with you in transacting the business of Parliament. It has been said by eminent senators that, although appointments to this chamber are made on the recommendation of the Government of the day, and although the Upper House is organized along party lines for the transaction of public business, these lines are not severely drawn. I have seen many evidences of this in the short time that I have been here, and this happy fact increases my pride of membership. Many honourable senators are rich in parliamentary experience, whether in the House of Commons, in provincial legislatures, or in this chamber. Moreover, all honourable senators have attained distinction in some field of endeavour quite

outside politics, and together they contribute to a vast reservoir of talent and experience without a counterpart in this country. No one can be an expert on everything, but the combined total of this vast experience and expertise, whether applied to the consideration of legislation or to the discussion of public affairs, must surely redound to the benefit of the people of Canada.

Honourable senators, as a practising lawyer I am still a novice in Parliamentary matters, but I make this pledge: I will study and learn, under the tutelage of senators of experience, so that in the fulness of time I may make a helpful contribution to the deliberations of this assembly.

Hon. Joseph A. Bradette: Honourable senators, will the honourable Acting Speaker (Hon. Mr. Pearson) oblige by delivering to the Speaker of the Senate, the Honourable Mark R. Drouin, the following statement: May I join with other senators in this forum in extending to him my sincere congratulations upon his renomination to his high office, which he fully deserved because of the ability and fairmindedness which he showed in presiding over our deliberations—qualities that were so well demonstrated that a large section of our press has often mentioned his name for a still more exalted position. It is with pleasure that I offer him my best wishes.

I also extend my congratulations to the honourable the senior senator from Winnipeg (Hon. Mr. Haig). This personage has had a wonderful life, having an extensive law practice, and also great experience in the political field as a member of the Manitoba Legislature for many years: then, upon appointment to the Senate, he immediately made his mark, becoming some years ago Leader of the Opposition, and, last session, Leader of the Government. He has made a great success of all these activities and he may now well rest on his oars after races well run and won. He must also feel the contentment resulting from work well done.

I also extend my felicitations to the present Leader of the Government in this chamber, the honourable senator from Rosetown (Hon. Mr. Aseltine). He has had wide experience in this house and his activities are well known. He acquitted himself with ability when he acted as Leader of the Opposition in the absence of the senior senator from Winnipeg (Hon. Mr. Haig). I want to felicitate him also upon the remarks he made in French. This sort of thing goes very deeply with French-speaking Canadians who, as you know, are a strong and well-organized minority group, but any gesture of comprehension and friendship coming from the majority group is highly appreciated. Again I want to compliment him for what he did when he spoke the other day. The honourable Leader of the Government in the Senate also has wide experience in the house, his activities being well-known. I don't know whether I am in order or not, but I fervently hope he will be appointed to the cabinet, and I sincerely make a plea for this appointment. I feel it is the proper liaison to have between the two chambers, for then we would be sitting with a member of the cabinet, a member of the Government, who would be in a position in the Senate to give us some information that perhaps otherwise we would have to get in some second-hand way. The appointment would not establish a precedent, for many Leaders of the Government in the Senate have been members of the cabinet, with or without portfolio. I believe that in what I am now saying I am expressing the wish of most honourable senators listening to me.

(Translation):

I also wish to congratulate the new senators upon their appointments, and specially the honourable senator from Ottawa East (Hon. Mr. Choquette) whom I have had the pleasure of knowing for a number of years. His experience in active politics, as well as the success he has attained in the legal profession, will stand him in good stead in his new duties. He also mentioned an event which I always recall with pleasure; it is my having given away the bride at his wedding. I might add that I found her at that time just as attractive and charming as I do today.

(Text):

I was very proud when the honourable senator from Ottawa East stated a few moments ago that I had given away the bride at his wedding. It was a great honour and pleasure for me. I have always found her very attractive and charming indeed.

(Translation):

My congratulations also go to the mover of the Address in reply to the Speech from the Throne, the honourable gentleman from Mille-Isles (Hon. Mr. Monette). His eloquence and the assurance with which he expresses his thoughts reflect his great success in the legal profession, and I am sure his talents will be highly appreciated in this chamber.

(Text):

I would also like to extend my felicitations to the honourable the junior senator from Winnipeg (Hon. Mr. Thorvaldson), on the manner in which he seconded the Address in reply to the Speech from the Throne. I listened with interest to his fine remarks on the subjects he dealt with and I hope he will often be heard in this house.

His remarks about Canadian-American relations were very moderate. I could call them practical but, unfortunately, what he advocated has not been practised by all. Had it not been for American capital investment, there would not have been the great development that has taken place in the last 50 years in northern Ontario, my section of Canada. During the last election campaign our district had the honour and privilege of being paid a visit by the Prime Minister, who received a big reception in Kapuskasing. In 1924 Kapuskasing was a small and lightly populated but thriving rural section. Today it is a fine town in which the New York *Times* has invested over $35 million—American capital, my honourable friends. This investment has benefited not only the investors but also the people of Canada generally, particularly those living in the northern section of Ontario. This story of American investment is just as true with respect to the mining sections, the newsprint producing sections and Ungava and British Columbia, and in fact all Canada. I never like the idea of restricting trade with the United States. I remember during the second election campaign in which I voted, in 1911, I heard for weeks on end the cry "No truck nor trade with the Yankees". I do not want that sort of thing to be repeated in Canada's national life, for it is not at all necessary.

Honourable senators, I am going to quote from a newspaper article. This is something that I seldom do and I never did it in the House of Commons. The article is very well worded. I might say it does not come from a Liberal paper, but from a good Conservative paper, the Ottawa *Journal*. Apparently on the night of Saturday, January 4, 1958, a newsreel film was shown in a Toronto theatre. In an editorial entitled "How Foolish Can People Get About Americans?" the *Journal* wrote, on January 7:

> When on Saturday night a newsreel film in a Toronto theatre pictured the failure of the United States Vanguard rocket at Cape Canaveral in Florida, people in the audience clapped and cheered and shouted "Hurray".

I shall read most of the editorial, for I believe it provides a great lesson and will be of interest to everyone of us. Providence has willed that Canada and the United States should be neighbours, and they have been good neighbours. The article continues:

> What sort of mental madness is this? Failure of a United States rocket was not merely an American defeat; it was as well our defeat, the defeat of our side, the defeat of the West. Yet here we have some Canadians applauding it, taking joy from it, greeting it with cheers.
>
> Why?
>
> To argue from the particular to the general is always wrong, and it might be wrong indeed to conclude that this imbecility in a Toronto theatre represented much or anything of Canadian thought. We would like to believe this; like to be able to say comfortably that such a moronic manifestation was nothing more than justification of the dictum that "mistakes of great men are the consolation of dunces".
>
> But we confess our inability to believe or say that—to say it without qualification.
>
> And the reason—we may as well speak it frankly—is that we find of late in a section of our press, in the House of Commons and in the statements of some of our so-called commentators, a note of hostility towards the United States, a seeming touch of the ugly thing of anti-Americanism.

We have seen that sort of attitude in the House of Commons for the last three or four years, and it has not been conducive to good friendship between our two nations. I continue reading from the article:

> The United States of late has done some things about our trade that should cause us concern, and in such circumstances it must be our part to protest through the right channels; to present our case as one neighbour to another in a frank, manly, good-mannered way.
>
> But that—manly, vigorous protest through the right channels—is a far different thing from loud repetition of our grievances from the housetops, comforting common enemies and perhaps affording them opportunity to exploit what may seem to them serious divisions.
>
> Certainly it is a far different thing from suggestions heard in some quarters about retaliation—about the possibility of our imposing 15 per cent export taxes on newsprint we ship to the U.S., or on "the nickel or the uranium, or the iron ore".

In my own constituency in northern Ontario we have three newsprint and sulphate mills. We have a great gold mining industry and a great lumber industry, and 95 per cent of our products goes directly to the United States. Every day we see the spectacle of loaded freight trains consisting of 45 to 65 box cars leaving Kapuskasing for the United States. We certainly cannot take any chances on losing that kind of trade with our neighbour to the south.

Honourable senators, I am not going to read the whole editorial from which I have been quoting but I wish to read the last three paragraphs:

> The diversion of some of Canada's trade from the United States to other markets, notably to the United Kingdom and Commonwealth markets, would be a good thing. But it would be a good thing not because we have reason to dislike Americans or imagine that they dislike us, but simply as a matter of economic wisdom—the wisdom of not wanting to have all our trading eggs in one basket.
>
> Americans are not perfect; far from it. But if in bearing their awesome world responsibility they sometimes seem to take courses we find strange, or if in their trading relations with us they sometimes seem to act as if they were too little conscious of our existence, let us not wrap garments of virtue around ourselves and say how much wiser and nobler we would be were we in their position.
>
> Far better, we suggest that occasionally we ask ourselves two questions: First, what nation in all

of the world's history has ever had a better neighbor, and, secondly, what nation in all creation has a better neighbor now?

Honourable senators, it is my intention now to deal with the international situation, and more particularly our attitude *vis-à-vis* Soviet Russia. I have made several trips to Europe, the Middle East and Asia, and on each of such trips I have studied the national and international situation with respect to those countries. Hitler stated clearly in his book *Mein Kampf* the way he would conquer the world. Yet, nobody believed what he wrote: I did not believe it myself. Sir Winston Churchill was the only great statesman of the West who believed what Hitler wrote, and he warned the democratic countries of the dangers forecast in that book. The United States was lukewarm about entering the fray, but Roosevelt was sympathetic to the Allied cause. Until the Americans got caught at Pearl Harbour it was hard for them to believe that such a thing could happen. These facts demonstrate well the need for being prepared for any eventuality.

The question that is most in our minds at the moment, and which now has been under discussion and study for almost a year, is the proposal for a meeting at the submit which was initiated by Moscow, and on which a great amount of correspondence has been exchanged between the East and the West. On this matter quite a large number of nations are under the impression that Soviet Russia has maintained the initiative, which has given her quite a lot of favourable publicity. Apparently on a question of such great importance we do not seem to be able to take the initiative, and we appear to be divided among ourselves on the mode of acceptance and the agenda that such a conference will be ready to proceed on, and it seems that there is no unanimity among the democracies on the time and place where it should be held, and which nations should be participants.

Another important stage in East-West negotiations—and in Anglo-American relations as well—has begun. It is a time when the two big power blocs are inching along, perhaps more effectively than ever before, toward a summit parley. It is also a moment when Britain and the United States, separately and jointly, need to re-examine their concepts of summity once more, and also their outlook toward suspension of H-bomb tests. It is certainly desirable for both nations to see eye to eye on both subjects.

On the question of summity, it is apparent that the average Briton regards himself as more willing than the Americans to have top-level talks to begin without laying down too many stipulations. It naturally follows that a cross-section of the people of Great Britain also was less critical of the Soviet package for pre-summit negotiations to start last April 17 than the first Washington reaction indicated the United States would be, and there can be no doubt that there is a greater disposition of the British to talk. Such a venturesome spirit in dealing with other nations goes back for many centuries with Britons. Undoubtedly they suspect that Americans, while adventurous too, have confined their talents primarily to national affairs.

I believe that it would be entirely satisfactory for Britons for example, to have their Prime Minister meet Premier Nikita S. Khrushchev to discuss East-West problems and attempt to make some progress. But if it was found impossible to achieve anything, the British leader could come home empty-handed and say: "I did the very best I could, but they would not agree to anything reasonable"; and I am convinced they would believe him and, moreover, classify the *démarche* as worthwhile, because it is a fact that Britons have confidence in their diplomats to hold their own conversationally with anyone, not to fall into negotiating traps and perhaps even to get the best of the other side.

If, as one certainly can hope, exportable communism becomes a diminishing and, finally, an atavistic force in Soviet policy making, the time will come when Soviet policy makers will come to regard capitalism as an objective term, not a subjective battle cry. At such a time summit talks could be conducted in an easier and perhaps more fruitful context; but, unfortunately for the peace of the world, that time has not arrived yet. Right now there is no possibility of useful negotiations over Germany or the Far East or the Middle East and Africa. We of the West want the Soviet Union to cease being an expanding empire, and the communists want us to stop resisting their expansion. Between such positions there is no agreed reconciliation. A summit meeting now would be largely a place where Soviets attempted to rationalize and justify their expansionism for propaganda purposes. At best it might produce tacit rules limiting the instruments they would use for expansion and those we would use in resisting that expansion, and tacit rules to keep open channels of diplomatic communication. More substantial agreements, many observers are convinced, must await the meeting which might take place when the context of world relation is very different from what it is today. May that time be reached sooner than we can foresee at the present time.

On the matter of suspending H-bomb tests, Great Britain also finds a tendency to run

in advance of the Americans. After the next series of British and American nuclear tests are finished this summer, many individuals here will be eager to see a halt by the Western powers, whether or not this is deemed a reply to the Soviet test-ban proposal. The British Government is determined to keep in step with Washington, no matter what the outcome will be. The ability of Britain to justify suspension of tests at this stage will depend on whether the United States revises the McMahon Act. One piece of American legislation of extreme concern to the British Government at the moment is the Eisenhower administration bill to amend the McMahon Act. This 1946 act makes it unlawful for the United States to share atomic secrets even with its best allies. Today the British are anxious that the proposed revisions, calling for exchanges of certain information under certain conditions, be accepted.

Much of the nuclear information Britain seeks is almost certainly known to American experts now and could be provided if the secrecy provisions of the act were eased. However, officials in the United States realize how serious could be reservations about calling a halt to tests even after the summer series, and some probably understand why. It is also expected that France will not agree to suspension until she has had a chance to test her own bomb. So Britain really is sending out two signals on both talks and tests. The official one is loud, clear and firmly in line with alliance policies; the unofficial one, if less clear, likewise is loud in protest that official policies are too negative. The desire of the common man on the Western side, declares the *Times* of London, forthrightly, "is to cut the cackle and get on with the job".

The matter of a summit conference is very important to Canada, and at present the Government has taken it very, very seriously. Our Prime Minister has invited the powers to hold the conference in this country, and he should be praised for this action. As of the Christian and Judaic faiths, we believe in a Divine Providence and being gifted with free will, which debars the complex of fatalism. We believe that the Almighty leaves us free in our actions, but if humanity decided to use those terrifying machines of destruction invented by human science and invention, in a worldwide conflagration, which would undoubtedly destroy our civilization, as we know it now, for centuries to come, who would dare to believe that God would interfere to stop such a cataclysm that had been willed by the human mind? The survival of man's destiny on this planet cannot rest on hope of such intervention.

We desire with all our hearts that such a conference will succeed, because in this country we desire and pray for peace and we will continue to do so until it is obtained. But if new promises and solemnly signed agreements result from negotiations with the Soviet Union, "to reduce East-West tensions", how much trust can the free world put in the good faith of the Reds? This is an all-important question on the international scene today. The only way to answer it would be to examine the Kremlin's record of performance on past agreements, and this has to be repeated time and time again so that we will not forget it. However, time will not permit me to do this, but the facts are well known to every member of this house and so I will make just a few remarks on this subject.

In our dealings with Soviet Russia in the fifteen years since President Roosevelt and Sir Winston Churchill met Premier Stalin in Tehran, three Presidents of the United States and six United States Secretaries of State have engaged in 19 high level talks with their opposite numbers in the Soviet Government. Out of these talks came some 40 agreements involving specific Soviet promises. Of these, 37 were cynically violated. In the spring of 1955 a fully documented study of nearly 1,000 Soviet treaties was made public by the United States Senate Subcommittee on Internal Security. The U.S.S.R., the study showed, "had broken its word to virtually every country to which it ever gave a signed promise."

Let us consider for a moment the summit meeting in July 1955 when President Eisenhower and the Prime Ministers of Britain and France went to Geneva. Rarely had a conference with the Soviets been approached with greater optimism. Said the Right Honourable R. A. Butler, then Britain's Chancellor of the Exchequer:

> There is in the international scene today a feeling of spring after a long winter of discontent.

The proceedings were loud with the rhetoric of good will.

The end product of this charade of amiability was three generalized "directives" to the Foreign Ministers, instructed to meet in the same city three months later:

> (1) The settlement of the German problem and the reunification of Germany by means of free elections;
>
> (2) A "system for the control and reduction of all armaments and armed forces under effective safeguards", to be worked out by the United Nations Disarmament Commission; and
>
> (3) Gradual lifting of the iron curtain through more "free contacts and exchanges".

But the "feeling of spring" evaporated at the Foreign Ministers' gathering in the fall as soon as Molotov parted his thin lips to emit wintry blasts. He bitterly denounced suggestions for freer exchanges of persons as

a plot to smuggle spies into his country. He spurned the United Nations Disarmament machinery and refused to discuss the German problem. In short, within four months after a solemn "summit meeting" the Soviets reneged on all three of their commitments.

The past should not be a deterrent to trying again in the hope that Soviet Russia will come to her senses and be true to her word.

In all these talks about negotiations at the summit, there is always in the mind of thinking people the thought that the dangers of a world war are constantly with us, although the prevailing inclination is not to think about it at all—in the hope, perhaps, that by putting it out of mind it will somehow be put out of the realm of possibility, but a potent and serious matter of this importance does not disappear simply by ignoring it or by wishful thinking.

Will there be a third world war within the next five, ten or thirty years? Naturally, like every sane person, I desperately hope and pray that the catastrophe will not happen —so much so that the deep wish that it may not happen makes me really believe that it will not. But the more one thinks this, the more important it becomes boldly to face the facts, for it is only in the knowledge of these facts that we can take the right steps to avert the dangers of the future and to save the world from what is unthinkable but unfortunately not by any means impossible.

What are the facts?

The Soviet, despite internal changes in the régimes and an internal easing up of the police state, has given no sign whatever over the years of taking one clear step forward to find a peaceful *modus vivendi*—mode of living—with the free world. One can dismiss as insignificant, except for propaganda purposes, the slight raising of the curtain for cultural, sporting, trade relations. We love the Russian people, we love their songs, we love their laws, we love their country, but we do not like their Government, we do not like what communism is trying to do. We were glad indeed to have a visit from the young Russian hockey players who toured this country last winter. We saw them as our sons, we saw them as our friends, because we can have no quarrel with the Russian people themselves, no quarrel with their country. It is the communism of that country that we all abhor. What the Russians are doing along this line simply means that Moscow has become wise to the stupidity of an absolutely immovable curtain.

On the contrary, Russia's policy has continuously sought the means to keep its relations with the West prickly and potentially dangerous. You only have to study the history of the last ten years to know how true this is. Without going back over the past it is sufficient today to point to perhaps the most dangerous adventure of them all, the present Soviet-made trouble in the Middle East. Why should the Soviet have steadily increased its anti-Semitism, an outlook clearly contrary to its propaganda pretention of liberalism and one that links the Soviet with hated Hitlerism? There can be only one reason: the desire to court the Arab world, whose one real interest is to destroy the young nation Israel. Not that the Soviet has the slightest love for the ultra-nationalistic and feudal Arab. But it knows that the oil wealth of the Middle East is strategically and commercially vital to the West; that the West has had to link itself commercially with the Arabs, while at the same time seeking to maintain good relations with Israel and defend it; that any military action in the Midle East in defence of Western interests is fraught with the gravest political and military danger for the peace of the world.

How simplified that situation would become, if tomorrow Soviet Russia would decide to honestly co-operate with the West for the solution of Mid-Eastern problems like the refugee question and the official recognition of the State of Israel. Such a change of policy and attitude on the part of the Soviet would be a great step toward solution of the serious problems which have to be faced and solved; and what a great factor it would be in appeasement and the relief of tensions which carry in their existence grave dangers to the maintenance of peace in the world!

Unerringly, therefore, Moscow has seized on the sorest spot in the Western position and deliberately set out to pick at that sore and steadily aggravate it, trying in no way to help heal it.

From her own point of view, as regards security, one may find a single excuse to account for this policy, namely, the Soviet's long-term fear of communist China. Moscow may reasonably feel that she must strengthen her resources and gain prestige in order to hold her own against an emerging China with a much vaster population and immense resources on the point of being intensively exploited. Yet, Russia is so far ahead of China in technique and armaments that it is hard to see why she should risk major trouble with the West simply to defend herself against a danger which still remains far in the future. If, indeed, she is worried about China, this could be only a very secondary consideration in her Middle-East policy. It is a well known fact that China has some territorial accounts to settle with Russia and she will never rest satisfied until such time as these problems have been

solved to her satisfaction; problems like the question of Outer Mongolia, Vladivostock, Port Arthur, and even the question of Siberia, all of which territories are considered by Asiatics to be integral parts of China and Asia.

The real motive would simply seem to be that Moscow knows that the more trouble she can make in the Middle East, the more awkward it will be for the West. Our views about Israel clash with our need to maintain friendly relations with the Arabs, who themselves have been divided by Moscow's intrigue into hostile sections, thus giving the communists the excuse they need for subversive interference to keep the peace. Meanwhile, Turkey, on the Soviet border, may be involved. And, to the West, Arab nationalism, encouraged by Moscow, can set North Africa ablaze the more easily in that the European attitude to countries like Algeria, created and civilized by Europe, clashes with American views which frown on all colonialism, however progressive.

In my statement I do not pretend to offer an expert survey on the factors involved in the Middle East today. The question I ask is, why is Russia, at this moment of decisive nuclear development, still going out of its way to make trouble in this area? Is Russia simply being awkward just to annoy, or has Russia chosen the Middle East as the place where, by standing firm and uncooperative at any cost, she can force the West to a humiliating and commercially disastrous surrender as the only alternative to risking the outbreak of the third world war?

To put it otherwise, is the Middle East, in regard to a third world war, what Austria, Czechoslovakia and Poland were for Hitler in regard to the Second World War? For, at this moment, this is what it looks like. The Soviet made her eastern European conquests during the aftermath of war, knowing well that no one could or would stop her. The aggression, defeated by the Berlin airlift, and the Korean war, were calculated risks at a time when Russia was far behind the West in technical advances of every kind. Today, Russia feels herself the equal, or even the superior, of the West in armament and technique, and meanwhile she retains her immense advantage in military manpower as well as in submarines. These, apart from the use of H-bombs, would ensure immediate victory for the Soviet over Europe, Asia and Africa. And now she has played her cards so skilfully in the Middle East that she could any day take action which would give the West a simple choice between surrender or nuclear defence—in other words, the third world war.

However, in such a situation no doubt that there will be grave dangers for Russia, and history may repeat itself. It must be remembered that during the last war, in the first three and a half months of Hitler's invasion of Russia he took as prisoners well over two million Russian soldiers fully equipped and with all their officers. Had Hitler not been such a tyrant and dictator himself, and had he not, by his terrible massacres of the civilian population of the Russian provinces which his armies had occupied, turned these people against him and swung their loyalty to Stalin, whom they deeply hated, Hitler could have defeated Stalin and communism with the Russian soldiers themselves, with very small losses to his own armies. It was unfortunate for the world that Hitler was a dictator. The presence of the British, Free French or Americans at the time would have changed world history.

At the end of the fighting in Korea almost half of 116,000 North Korean and Chinese military prisoners refused to return home. Among United Nations prisoners who preferred to live under communism the score was as follows: 325 South Koreans, 22 Americans, one Briton.

Blood will always be thicker than water. A German will always be a German, with the exception of a few renegades, and this applies to all the satellite countries at present under the Soviet yoke. Unless Russia can win a lightning war, her military situation will very quickly become exceedingly brittle and deteriorate rapidly, as none of those nations will have their heart in a fight to defend Soviet Russia. The political convulsions that have already happened in East Germany, Hungary and Yugoslavia will be terribly magnified under war conditions, with great defections among the armed forces even in Russia itself, as happened in World War II.

This does not mean that that situation should deter us from dealing from strength with Russia at all times, because this would be fatal to our cause, and there is no way for us of trying to read the minds of the dangerous men who govern Russia. Many people feel that the growing hatred of communism in Soviet-dominated Eastern Europe must prevent Moscow from going too far; and, I mentioned a few moments ago, at the first sign of war millions would rise up in Eastern Europe, and perhaps within Russia itself, to revenge themselves on the oppressor. But unfortunately this view overlooks one important factor. The restiveness in Eastern Europe has been brought about by a feeling, right or wrong, that the ending of the Stalin era has made the Soviet less ruthless and more civilized. But if, in fact, the Soviet has not really changed at all or, if one prefers it, if the old communist aggression has simply changed to Russian

military imperialism, then Russia's problem in Eastern Europe would most easily be solved by a military occupation that might reach right up to the Atlantic. It is said that when Hungary revolted there were military leaders in Russia who wanted to do just that.

If then, we were ready courageously to face the facts—and for us who believe in our political systems this is the only sane prescription—we shall have to admit that we are today in an extremely perilous position.

Any day Russia can force the West to a vital decision by coming out openly on the side of Egypt and Syria; by inciting the Arabs generally to aggression against Israel and promising her help by demanding guarantees against supposed anti-Russian hostility in her neighbour, Turkey. In such circumstances, the West could only choose between ineffective retaliatory diplomacy, which would be interpreted by the Arabs as pro-Israel, and counter-measures which would be near-military or actually military. A local war, like that in Korea, would inevitably break out, and it is hard to see how the West would win in a terrain which Russia could so easily occupy by so-called volunteers, while at sea Russia possesses her Black Sea bases from which, under air cover, she could force the Bosphorus and the Dardanelles.

This would inevitably and immediately lead to the supreme question: would the West admit defeat rather than begin full-scale nuclear warfare, or would she find herself forced to take on the tremendous moral onus of first using the H-bomb, knowing that Britain and our allies in Europe would at once face grievous destruction and the industrial centres of the United States and Canada would be most gravely damaged?

I am convinced we can take it for granted that if Moscow were absolutely certain that the H-bomb would be used by the West in certain clearly described and foreseen conditions, Russia would never risk the catastrophe which she herself would suffer in at least equal measure with the West. But it is also to be feared that, as things are, Russia may well believe that, when it came to the test, America, Britain, France and West Germany would recoil from initiating the universal cataclysm. And precisely there lies the great danger of a third world war in the not distant future.

That is why it seems to me so dangerous that public opinion in the West prefers to play the ostrich over the possibility of a third world war. In doing so it is playing into the hands of the Soviet authorities. Rightly or wrongly, they deduce from this attitude that the degeneracy of the West gives a green light for intensifying safely their natural and continuous policy of diplomatic aggression, at points where the West is most vulnerable. Not less important is the fact that the present temper of public opinion in the West tempts us to believe that we can still afford the luxury of divided councils and unnecessary competition.

Surely there is no honest citizen on our side who seriously thinks that the United States and the other Western powers either desire a third world war or would do anything which could reasonably be said to further or risk the onset of such a moral disaster. On the contrary, it is patent to any honest observer that the will to avoid another war governs Western policy and, in one sense, even gravely weakens it when dealing with an opponent who holds that the end will always justify any evil means. This is not to say that America and other nations have not made political mistakes, nor is it to deny that legitimate self-interest has played its part in policy decisions. But the over-all moral position is clear. Aggression does not enter into Western plans. There is, in fact, a rather desperate effort to yield as much as is consistent with self-defence and with a justified lack of confidence in an opponent whose record is one of trickery, bad faith and aggressive manoeuvre. Even at the present time there is in the United States the Truman school of thought, which favours containment, and George Keenan's disengagement idea in dealing with Soviet Russia.

In the light of all these considerations, though our conscience tells us that we have left many things undone, spiritually, morally and internationally, it also reminds us that, far from willing aggression, we often bend over backward to avoid giving any suggestion of it.

The choice, therefore, lies between consent to suicide and a facing up to the truth, with preparations to take such steps, however terrible, as seem absolutely necessary to implement our right to survive and to defend the moral order. May we not reasonably expect that if we thus obey our consciences and honour our responsibilities, God, in whom we believe, will either ordain that the final disaster shall be avoided, or, if His will be otherwise, give us the courage to face up to the worst and move us to offer the Almighty our most fervent prayers for the strength to face that situation?

It is thinking of this kind, it seems to me, which the West requires today—thinking which boldly faces the truth, which acts courageously in the light of that truth, and which strengthens the resolution to sustain, whatever may come. We also need thinking which will lead to greater unity and understanding among us all. Must we not admit,

when facing the question whether there will be a third world war, that the best way to prevent it is to be ready to think out and to do the things which our judgment, our observation and our conscience tell us should be done, and, in the light of that decision, to act together?

It is true that Canada is not among the great powers, but in the world at large and, for many years, in the council of nations, it has taken a respected and leading part and has been the spearhead of many movements which have greatly helped to maintain peace. For a considerable time the Honourable Lester Pearson held with great honour and ability the important folio of External Affairs in the federal cabinet. In that forum he covered himself with honour and distinction. His fine work in the international field received a well-deserved recognition last fall in the award to him of the Nobel prize for peace. I have no doubt that the present head of the Department of External Affairs will also work with great competence for the maintenance of world peace, and I wish him full success in his serious and responsible activities.

The name of Canada is highly respected throughout the world. No nation of our size participated more quickly and strongly than did we in the last two Great Wars. Our participation was not influenced by the desire for any territorial aggrandisement or maritime expansion. We supported our allies with the best that we had, for we knew that we were fighting against barbarism and tyranny, and on behalf of the ideals which we cherish most,—freedom, democracy and the Christian virtues. The same idealism will, I am sure, continue to guide us in all our actions in future.

On motion of Hon. Mr. Reid, debate adjourned.

PRIVATE BILLS

PROTECTIVE ASSOCIATION OF CANADA— SECOND READING

Hon. Charles B. Howard moved the second reading of Bill S-2, respecting the Protective Association of Canada.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Howard, bill referred to the Standing Committee on Banking and Commerce.

MERCANTILE AND GENERAL REINSURANCE COMPANY OF CANADA LIMITED— SECOND READING

Hon. William R. Brunt moved the second reading of Bill S-3, respecting The Mercantile and General Reinsurance Company of Canada Limited.

He said: Honourable senators, I thought it might be wise to give a word of explanation in connection with the bill.

Hon. Mr. Reid: The rules of the house provide for that, anyway.

Hon. Mr. Brunt: The purpose of this bill is to bring about the passing of a special act under which the authorized capital of the Mercantile and General Reinsurance Company of Canada will be increased from $1 million to $5 million. In view of the fact that some honourable senators will not be attending the meeting of the Banking and Commerce Committee when it is dealing with this legislation, I thought I would give a further word of explanation.

Hon. Mr. Roebuck: Yes, go ahead.

Hon. Mr. Brunt: This company was originally incorporated by a special act of the Parliament of Canada, Chapter 71 of the Statutes of 1951, first session with a capitalization of $1 million. Out of the original capitalization consisting of 10,000 shares of par value of $100 each, 7,500 shares have been duly issued, so that the outstanding capital of the company at the present time is $750,000.

The company has 11 directors and each director holds 10 shares of capital stock of par value of $100 each or a total value of $1,000, this being in accordance with the provisions set out in the Canadian and British Insurance Companies Act. In all, the 11 directors of the company hold a total of 110 shares of par value of $100 each, having a total value of $11,000. All the remaining issued shares are held by the parent company, namely, the Mercantile and General Reinsurance Company of England. There has been paid into the treasury of the Canadian company for the issuance of the aforesaid 7,500 shares a total of $1,500,000, being at the rate of $200 per share, which is double the par value of the stock. Of the aforesaid sum of $1,500,000, $750,000 has been credited to the capital surplus account of the company and the remaining $750,000 to the capital account of the company.

At the present time there remain unissued in the treasury of the company 2,500 shares of a par value of $100 each, having a total par value of $250,000. The parent company has made an application to the Bank of England for the release of $500,000, and this money will be used to purchase the 2,500 unissued shares which remain in the treasury at the present time. For the unissued stock the parent company proposes paying twice the par value, namely, $200 for each share. Of the $500,000 which will be received by the Canadian company,

$250,000 will be credited to the capital account and the remaining $250,000 will be credited to the capital surplus account of the company.

This company, the Mercantile and General Reinsurance Company of Canada Limited, like the majority of fire and casualty companies doing business in Canada, experienced very heavy losses during the year 1957. Furthermore, it is anticipated that losses will continue during the current year, and possibly part of 1959.

Hon. Mr. Roebuck: Why did they lose money?

Hon. Mr. Brunt: The companies have found that the rates were too low for the amount of protection that they were giving. That is why all companies in Canada lost considerable money during 1957. I think the total losses of all insurance companies doing business in Canada during last year amounted to something like $70 million.

Hon. Mr. Macdonald: Are most of those losses attributable to policies covering motor vehicle accident cases?

Hon. Mr. Brunt: Every type of coverage. The companies have even lost money on the insurance of dwellings, which has always been considered the cream of the insurance business.

Hon. Mr. Macdonald: That is fire insurance, is it?

Hon. Mr. Brunt: That's right. Actually very few fire policies are now written. They write a composite policy, which, in addition to protecting the insured from loss by fire, protects him from loss by windstorm, tornadoes, water escape, and so forth.

Hon. Mr. Reid: And aircraft.

Hon. Mr. Brunt: Yes, and riots. Almost everything imaginable is covered. These companies have really lost money and it is only of late that they have started to increase their rates.

Hon. Mr. Macdonald: Were the losses mostly caused as a result of automobile accidents?

Hon. Mr. Brunt: I cannot answer that, but I do know that the losses came from all classes of business. There is no doubt that they have had terrific losses in the automobile insurance business. All you have to do to realize this is to look at what has happened to the rates in the past year.

Hon. Mr. Reid: We know that.

Hon. Mr. Brunt: The rates have increased materially and they will have to go even higher if the trend of present losses continues. As a result of losses the Mercantile and General Reinsurance Company finds that it is in need of additional working capital, and provision has to be made to make this available. They feel they need available capital in addition to the $500,000 which will be provided to the company by the issuance of the remaining 2,500 shares that are in the company's treasury.

Hon. Mr. Barbour: Have they increased their premiums any?

Hon. Mr. Brunt: Yes, but this increase in premiums has not directly affected the Canadian public, although it has indirectly. I will cover this a little later. In addition to having more capital to cover losses, the company finds that it should increase its capital stock so that as the business of the company grows in future years it will be able to issue additional shares to provide more working capital.

The business of this company has grown very rapidly since the company was first incorporated in Canada in 1951, with the result that during the year 1957 the company had a premium income of slightly over $7,300,000, the entire premium income being derived from reinsurance. As the name of the company implies, it is a reinsuring company. It does not write direct business of any kind. It has no policyholders, so to speak, but its business consists solely of reinsuring risks for companies which do write business on a direct basis. The company feels that the insurance rates in this country will be readjusted to a satisfactory level within the next two years and that it will be able to operate on a profitable basis.

Hon. Mr. Roebuck: Where is the head office of the company?

Hon. Mr. Brunt: The head office of the company is in Canada.

In view of the fact that all the additional capital of the company will be provided by the parent company in England, this act will allow additional English capital to be invested in Canada, with the result that eventually Canadian dollars will flow back to England as the company commences and continues to operate on a profitable basis.

According to the present intention of both the parent company and the Canadian subsidiary company, none of the additional capital stock will be offered for sale to the general public. It is the intention that the parent company in England will take up any additional stock that is offered from time to time.

Hon. Mr. Macdonald: Are there Canadian directors?

Hon. Mr. Brunt: Oh, yes; I can give you a list of the directors if you wish.

Finally, I think it should be pointed out that this bill carries the endorsement and the approval of Mr. K. R. MacGregor, the Superintendent of Insurance.

Hon. Mr. Roebuck: Can the honourable senator tell me if when reinsurance is written there is a fixed percentage of the premium which goes to the reinsurance company, and a fixed percentage stays with the company right in the business?

Hon. Mr. Brunt: Yes.

Hon. Mr. Roebuck: Subject to competition in each instance?

Hon. Mr. Brunt: What happens on reinsurance is this, that if you have a large risk and your reinsure 50 per cent of it, 50 per cent of the premium that is paid by the assured does not go to the reinsuring company, because the commission is paid by the company which does the direct business. There is no commission paid between a company that writes directly and the reinsuring company; but out of the net premium which remains the proper proportion has to go over to the reinsuring company. If you take 50 per cent of the risk you get 50 per cent of the net premium.

Hon. Mr. Macdonald: Is that not a matter of agreement between the two companies?

Hon. Mr. Brunt: Yes, it is a matter of agreement between them, and any company can vary it. I mean, the reinsurance is competitive, like direct insurance. You might find that one company would do it for 40 per cent, while another company that was not looking for reinsurance might say, "Well, we will take 80 per cent of the net premium for 50 per cent of the risk." The percentage of the premium that passes from the direct company to the reinsuring company is decided by competition and by supply and demand.

Hon. Mr. Macdonald: The insured person knows nothing of this reinsurance?

Hon. Mr. Brunt: Oh, no, absolutely nothing of reinsuring.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until Tuesday, June 3, at 8 p.m.

THE SENATE

Tuesday, June 3, 1958

The Senate met at 8 p.m., the Hon. Ralph Byron Horner, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

DIVORCE

BILLS—FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-1, for the relief of Valija Zvirgzds Kazaks.

Bill SD-2, for the relief of Joyce Florence Taylor Larman.

Bill SD-3, for the relief of Kathleen Margaret Coffin Barre.

Bill SD-4, for the relief of Freda Bernadette Godin Headland.

Bill SD-5, for the relief of Bruno Bedard.

Bill SD-6, for the relief of Stefania Sobol Wojtowicz.

Bill SD-7, for the relief of Elizabeth Antonie Hartmann Elstermann, otherwise known as Elizabeth Antonie Hartmann Von Elstermann.

Bill SD-8, for the relief of Ruth Ellen McMullin Gosnell.

Bill SD-9, for the relief of Beatrice Bellamy Drysdale Scott.

Bill SD-10, for the relief of John Ronald MacCuaig.

Bill SD-11, for the relief of Edith Ann Van Horne Beattie, otherwise known as Beverley Ann Van Horne Beattie.

Bill SD-12, for the relief of Constance Lilias Crawford Booth.

Bill SD-13, for the relief of Henry Krupa.

Bill SD-14, for the relief of Ferenc Tamas Kalman Laczko.

Bills read first time.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Next sitting.

REPORTS OF COMMITTEE

Hon. Mr. Roebuck presented reports of the Standing Committee on Divorce Nos. 31 to 67, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

PRESIDENT OF GERMAN REPUBLIC

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. William R. Brunt: Honourable senators, with leave of the Senate, I move, seconded by the Honourable the Leader of the Opposition (Hon. Mr. Macdonald):

That the address of the President of the Federal Republic of Germany, Professor Dr. Theodor Heuss, to members of both houses of Parliament, delivered on June 2, 1958, and other addresses delivered on that occasion be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*, and form part of the permanent records of this house.

Motion agreed to.

For text of addresses see appendix to today's Hansard, *pp. 122-5.*

PROPERTY QUALIFICATIONS OF SENATORS

AUTHORIZATION FOR SUPPLEMENTARY RETURN

Hon. Mr. Brunt: Honourable senators, with leave, I move:

That the Clerk of the Senate be authorized to receive the renewed declarations of property qualifications from those members of the Senate who have not had an opportunity to make and to file the same in accordance with Rule 105, and to make a supplementary return accordingly.

Motion agreed to.

ESTIMATES

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, I notice from the House of Commons *Hansard* that the supplementary estimates were tabled in that house yesterday. May I ask whether they were included in the list of documents tabled in this house a few minutes ago?

Hon. Mr. Brunt: They were tabled here this evening.

Hon. Mr. Quinn: I received my copy through the Post Office today.

Hon. Mr. Macdonald: I have not yet received mine and I was wondering whether they had been distributed.

Hon. Mr. Brunt: I have received mine.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, May 29, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Monette, seconded by Hon. Mr. Thorvaldson, for an Address in reply thereto.

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate I should like first to compliment the honourable senator from Blaine Lake (Hon. Mr. Horner) who is occupying the Speaker's Chair this evening. I say most sincerely that this is a recognition that is due him.

Hon. Senators: Hear, hear.

Hon. Mr. Reid: It is not my intention, honourable senators, to deal extensively with remarks which have been made by the various speakers during this debate, because I am speaking tonight for a particular reason which I will develop in the latter part of my speech. Therefore, I am going to touch upon only one or two statements made by earlier speakers.

First, may I say that I agreed with everything said by the Leader of the Government (Hon. Mr. Aseltine) in his speech, with the exception of his advocacy of the Government's intention to proceed with the building of the South Saskatchewan River dam. Although I do not come from the province of Saskatchewan, I think it is the duty of every senator to look over Canada as a whole and take some interest in its problems. When I read the report on the proposed dam and saw the estimated cost of $247,500,000 for irrigating 450,000 acres of land, 75 per cent of which is grade 2 and grade 3 land—which works out to a cost of about $500 per acre—I began to wonder whether, in view of our difficulty to sell our wheat and other crops, it was advisable to give this project any priority or to turn to more urgent needs.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Reid: I cite one short statement from the Gordon Commission Report: Canadian agriculture, it said, is able to meet the demands in Canada for at least the next ten years.

We were all interested in the statements with regard to trade and inflation which were made by the honourable senator from Shelburne (Hon. Mr. Robertson). When he mentioned that on the average wages in the United States are 25 per cent higher than in Canada, the thought arose in my mind that it would be useful to know how the *per capita* production in the United States compares with that in Canada. The most reliable figures I could find indicate that production in the United States is 27 per cent to 30 per cent higher than in this country. I suggest that this is a matter which could very well be made a subject of inquiry, for if wages and the cost of living continue to rise without a parallel increase of production the time will come when conditions in this country will be extremely serious.

Hon. Mr. Quinn: May I ask the honourable gentleman a question?

Hon. Mr. Reid: Certainly.

Hon. Mr. Quinn: Would not the cause of the difference in production be the greater amount of automation in the United States than in Canada?

Hon. Mr. Reid: I am not sure. As I say, it is a subject which would be well worth going into. I note, however, that in one European country—Sweden, I think—an agreement has been concluded between labour and industry whereby, for the next three years, labour guarantees that its productive output will not decline. I think this is well worth the attention of labour in this country.

I have a word or two to say regarding proposed Government expenditures, but I shall not elaborate at this time because there will be opportunity for further discussion when the budget is brought down. It seems that we may expect an expenditure of $6½ billion for the year 1958-59, or a billion dollars more than was spent in the last year of Liberal Government. The old age pension security fund is now $200 million in the red, and this year the total cost may well be $555 million, or $185 million more than last year. I wonder what the effect on our economy will be. Honourable senators, particularly those on the Government side, would do well to reflect on a statement made the other day by Mr. Harry Truman. He was speaking at a banquet, and naturally he was criticizing the Eisenhower administration. When he had finished, one man ran up to him, shook his hand, and said, "You sure gave them hell." Harry Truman replied, "No, I did not give them hell: I spoke the truth, but it sounded like hell." So, when we have to criticize, let us remember that sometimes the truth hurts and can "sound like hell".

Loss of trade might well affect Canada and other great countries. I notice in a newspaper I just received from home that the Soviets plan a huge economic bloc. Their first step is to unite communist countries into a single trading area so as to offer formidable trade competition to the West. In doing so they will be carrying out former plans laid down by Stalin. Russia is now starting to under-price Western countries on such articles as aluminum and lumber. As a matter of fact, lumbermen in British Columbia tell me that their market for the sale of

lumber to Great Britain has beeen practically closed because of the low price that Russia is quoting on lumber to the British people.

Honourable senators, I would like to make a brief comment regarding the splendid speech delivered on Thurday last by the honourable senator from Cochrane (Hon. Mr. Bradette). Those who were not here on that occasion would do well to read his speech. It has a lot of meat in it and is very timely indeed. I will admit that I did not catch the full significance of his remarks until I read them, following which I personally complimented him on them. This warning to Canadians regarding our relations with the United States was particularly timely. Too many people are falling into the communistic groove, shall I say, and are beginning to look somewhat with scorn at the United States and to say harsh things against the country that is our nearest and, I claim, our best neighbour.

To support what I just said about following the Soviet line, I wonder how many honourable senators have read a certain article about Sergei Alexandrovich Vinogradov, who recently left France after having served there as Soviet Ambassador for five years. The article reads in part as follows:

> For "Vino", with the gold-toothed grin, is the man mainly responsible for French hostility to Washington. He's the man who started the story that American big business wanted France out of North Africa so that Uncle Sam could grab its oil.

No wonder Russia is gloating over the events which have just occurred in France and Algiers. I wouldn't be at all surprised if the same kind of propaganda was being sent out in every country to which a Russian ambassador is appointed. We should bear in mind too that we have a lot of fellow travellers of the Soviet in this land of ours. In his speech the honourable senator from Cochrane referred to the last war, and I think it should never be forgotten and should be repeatedly told to the people of this country, and to those who are friendly toward Russia, that had it not been for Great Britain, Russsia as a nation might have been nonexistent today. When France collapsed it was expected by the Germans that Britain would collapse too. Had that happened it would have enabled Hitler to concentrate his entire forces against Russia, and in my opinion he would have conquered the entire Soviet.

I don't know just how much attention the people of the world pay to propaganda, but I have long come to the conclusion that Russia is putting it all over other countries in the matter of disseminating propaganda. Perhaps I have placed a wrong interpretation on the recent letter from Krushchev to Prime Minister Diefenbaker, but I believe I read in it something that will make Canadians a little more uneasy, though perhaps a little more respectful of Britain. In the correspondence Krushchev is endeavouring to persuade our Prime Minister to put a halt to aircraft carrying nuclear bombs across this country, pointing up the danger of such flights. Many people may express fear of this so-called danger of nuclear bombs and so turn hostile eyes toward the United States. No matter what the views are of each and every honourable senator, I say that we can thank God for the armed might of the United States, for in my opinion it has been the tremendous power of that country that has saved the Western world up to the present time.

Honourable senators, I will leave that subject now and turn to a more pleasant one: the British Columbia centennial. I was pleased to hear the honourable senator from Saint John-Albert (Hon. Mr. Emerson) refer to the B.C. centennial when he spoke in this chamber recently, and as a British Columbian I felt I could not let this opportunity go by without saying a word or two about it. I am particularly proud to do so. For those of you who have not read the history of British Columbia I would point out that my province was discovered almost entirely by men of Scottish birth, who also prevented it from becoming a part of the United States. I have here a whole list of Scotsmen, starting with Mackenzie who, as a young man of 23, returned to Scotland to study astronomy. This knowledge later served him well when he became the first man to cross the entire continent of North America, and the first of course to cross the northern part of it. Canada, as it was then known, ended at the western boundary of Ontario. When Mackenzie crossed the Rockies and finally came upon the Pacific Ocean he carved on a tree the words "Mackenzie from Canada, 1793". This long list of distinguished Scotsmen includes such names as Findlay, McDougall, McLeod, Governor Simpson, McLoughlin, Simon Fraser, McTavish, Stuart, Thompson, Ross, Finlayson. All those men were from the land where I was born.

Hon. Mr. Brunt: What about the Irish?

Hon. Mr. Reid: It is little wonder that when we hear people from a certain province in Canada saying we should remove the word "British" from the name "British Columbia"

we reply that if they want to start another war just let them go ahead and try to do what they suggest. I say without fear of giving any offence that the Scottish people have never taken second place to any other race in the development of this great land—

Hon. Mr. Brunt: Except the Irish.

Hon. Mr. Reid:—because they have spread out from Quebec to the Pacific Ocean.

Hon. Mr. MacDonald: Are there any Reids in that list?

Hon. Mr. Reid: No, although some of my ancestors died on the Plains of Abraham, and that is going quite a way back. I am tempted to tell a good story, and I think I shall do so. When Scotsmen first came to this land there were no women, and having come here to settle and people the country, naturally they needed wives, and so married Indian women. When I first went to British Columbia the law of the land was that a man could not will his property to his wife, because so many men had married Indian women. I was relating to an Englishman at one time how Scotsmen had been obliged to marry Indian women, and he replied, "You would not find an Englishman doing that." I said, "No, the Indians had to draw the line somewhere!"

Sir James Douglas was the first Governor of Vancouver Island. When the great rush of gold seekers came from California, from San Francisco—some 22,000 at one time—there was no law, so Sir James stepped in and took charge without any authority from anyone, ultimately depending on Great Britain to send him the necessary authority. It was his will to take charge, because he knew that if he did not do so the country would be taken in the name of the United States. Then in 1858 the colony of British Columbia was founded, not far from where I live. I believe that Langley, where the colony was first founded, was the first place that ever exported fish abroad, but I may be wrong. In those days, they exported barrels of fish to the Hawaiian Islands. In 1870 we joined Confederation, so therefore we celebrate this year the centennial, 1858-1958; and the good Lord must be kind to his own people, because in British Columbia we have been enjoying the most wonderful weather, with not a speck of frost or snow.

Hon. Mr. Macdonald: The rain falls on the just and the unjust!

Hon. Mr. Reid: I know, but I am speaking very much for the just in my own province.

Honourable senators, may I change the subject for a moment? I do not know how many honourable senators take an interest in stamp collecting; I do in a small way. We are called philatelists. Canada used to have wonderful stamps until about ten years ago, but if you speak to any philatelist nowadays he will complain, as I am doing now, about the lack of colour and poor design of the present stamps. I would like to show honourable senators what comes from other countries, particularly from the British Commonwealth countries, and especially Great Britain herself. Now here is a Canadian 5-cent stamp commemorating the British Columbia centennial. A sourdough is supposed to be looking for gold. But it is all one colour—drab. I suggest to the Government that another committee be set up, because in the past five or ten years some of the stamps, in my opinion, have been just terrible.

Honourable senators, to continue on the subject of the centennial—and the invitation to each and every one of you to come and join in the celebration in British Columbia—we shall in the month of October, commencing about the 10th, have one of the greatest sights anyone will ever see, and which no river of any other province can duplicate. In the Adams River, running 22 miles or so past the town of Kamloops, we expect there will be 2 million sockeye salmon spawning on a five or six-mile stretch. That sight cannot be duplicated anywhere, because the Fraser River is the greatest river for salmon in the world.

This brings me to the subject I have particularly in mind, that is, the story of the sockeye salmon. In repeating part of the story for the benefit of honourable senators who may not have heard it before, I shall, before closing, draw attention to the great problem which faces the present Government and the Sockeye Commission. Five varieties of salmon frequent the Fraser river, and they are unlike the Atlantic salmon. Each of the five varieties has a different life cycle; one variety has a two-year life, another a three-year life, another a four-year life, and another a five-year. Differing again from the Atlantic salmon, when they come back, whether in the second, third, fourth or fifth year, depending on the species, they lay their eggs and then die; their life cycle is complete. The five varieties are chum, cohoe, spring, pink and sockeye. The sockeye is the best salmon in a can or tin, it has a beautiful rich red colour and therefore is in great demand. Spring salmon, I think, can equal the Gaspé salmon; it is one of the best. Yes, and I would like to challenge those who differ. It is a poor man that would not stick up for his own province, you know.

Hon. Mr. Howard: Hear, hear.

Hon. Mr. Reid: Now, we are facing quite a problem, and before dealing with that problem I will try to streamline my remarks and endeavour to keep the picture clear, particularly for the new senators who have not heard anything about sockeye salmon. I repeat that the Fraser River is the greatest sockeye salmon stream in the entire world. We met with disaster in 1913 when the contractors building the railway through to British Columbia blew down part of a mountain into the waters at the place they call Hells Gate Canyon, and in that year few fish got through the canyon to spawn. There is one characteristic of the sockeye salmon that the others do not have—they will not lay their eggs in any other gravel bar but the gravel bar where they were born. So in 1913, when hundreds of thousands of tons of rock fell into the canyon, some 90 feet wide and 190 feet deep, where the Fraser goes through the gorges of the mountains, very few salmon got through Hells Gate Canyon in that year. This may sound a tall story, but I am giving the facts, which I know because I happen to be chairman of the International Pacific Salmon Fisheries Commission, set up by the two governments of Canada and the United States in the year 1937. I am now the sole remaining original member on that commission, so I should know something of this subject. In 1913 there were canned 2½ million cases of sockeye salmon alone, and it was estimated that 10 million sockeye salmon were on the way to the spawning grounds that year when most of them were blocked at Hells Gate Canyon. Two and a half million cases meant that 25 million sockeye, eight or so lbs. in weight and of goodly size, were caught and canned, and 10 million headed for the up-river spawning grounds.

The department made an attempt to clear out the rocks but it was not entirely successful. And then we had to wait until we reached an agreement with the United States before we could set up the Sockeye Commission now in existence.

Someone might ask, "What has the United States got to do with British Columbia rivers?" Well, the situation is that we are on the rearing end. Those salmon are reared in the Fraser River and in the lakes, but when the salmon come back to spawn the Americans are on the catching end and we could not very well go ahead and spend millions of dollars trying to rehabilitate the lost runs of salmon as long as the Americans outside were able to catch the fish that we had reared. So in 1937 the two countries finally signed a treaty, under which we were given powers to rehabilitate, to extend and bring back again the once great runs of salmon of the Fraser River, with the added duty of dividing the catch equally between the Americans and ourselves.

And may I say that we are very proud of the regulating end of it. We have been operating in the dividing of the fish since 1946, but in the first four years we were not allowed to regulate, we were limited to investigation work. We have not been out more than 4 per cent in the division between the two countries, which I think is extremely remarkable when you realize that these salmon runs are spread over many, many months. Now, one could speak at great length on this, but I am endeavouring to streamline it, or shorten it, shall I say. We have difficulty even in British Columbia in getting people to understand that the sockeye salmon is not the spring salmon or the cohoe or the pink. You can do with some of those other species what you cannot do with the sockeye.

May I say we have had lots of help—biological, scientific and engineering—and both the United States Government and the Canadian Government have been generous, so if we did not know anything now there would be something radically wrong somewhere. We have been at the work a long time and have found many of the answers regarding the Sockeye and as to what should be done. At the present time we have reached the point of rehabilitating the equivalent of about 56 per cent of the 1913 catch.

The Hells Gate Canyon problem has been solved. It was solved by building fishways through it—not fish ladders, but fishways—at a cost of $2 million, of which $1 million was paid by the United States and $1 million by Canada. I might say that the installation of those fishways forms the basis of a real story. It took us some years to find out just why the salmon were blocked from going through the canyon. What was the reason, we asked? Well, we found out that when the water in the canyon was at a height of 140 feet the salmon could go through on their own, but when it rose above 140 to 152 feet or more the result was the same as if you dropped an iron gate across the river—not one fish could get through. So we built fishways along the walls of the canyon in order that when the water rose to 140 feet and upwards to 152 feet the fish would be able to find an easy passage through the fishways. A series of baffles was constructed so as to cut the velocity of the canyon waters from roughly some 25 miles an hour to 7 or 8 miles an hour in the fishways.

The fishways are 40 feet high and 60 feet wide, and one of them is 260 feet long. If

any honourable senators visit British Columbia I would be delighted to take them up and show them the fishways, which are well worth a visit. We have had visitors from many countries, including Russia and Japan, to see these fishways, and of course many hundreds of our own people and hundreds of United States citizens as well have come to see them.

Now, here is the problem: a demand has arisen in British Columbia for more power, and it has been suggested that the waters of the Columbia River be turned into the Fraser River. I probably may have some harsh things to say about General McNaughton but—

Hon. Mr. Euler: Is he a Scotsman too?

Hon. Mr. Reid: He does not always act like one. That may be a right answer too.

Hon. Mr. Brunt: That is an unfair question!

Hon. Mr. Reid: Before the House of Commons Standing Committee on External Affairs General McNaughton made false and misleading statements and I feel that, he having put them on the record of Parliament—you need not shake your head, as I said this outside—that as Chairman of the Commission I have a duty to correct some of the misleading statements he made. I have suggested to the Minister of Fisheries and to other members as well that if the External Affairs Committee of the House of Commons again meets and General McNaughton is called as a witness and the subject under consideration is power and fish I hope they will be good enough to request our Director to appear before that committee too, so that someone who is an authority and has knowledge of the salmon fisheries on the Fraser will be there to tell them the actual facts and give them the right and truthful answers.

Now, honourable senators, I have all the records here. I am not just taking this matter up loosely and merely saying that the General made false and misleading statements—I have all the records with me, the record of the committee meetings, the pages and so forth. He first of all said, as reported on page 258 of the report of the minutes of proceedings and evidence of the External Affairs Committee meeting held on December 12, 1957, that power costs in Vancouver were twice what they were in Seattle because of the non-development of the Fraser River hydro power. I claim of course that that was false and misleading.

We will never have cheap power around Vancouver as long as the British Columbia Electric Company is there, and I am going to show you why. The British Columbia Electric Power Company runs a bus system and transit system in the city of Vancouver, and those of us who pay our electric light bills—and we all have to do that—are carrying the loss on the buses. In eleven years they lost $40 million in revenue. This figure appeared in *Maclean's* magazine a short time ago. I think I know what I am speaking of now. Maybe some of you have shares in British Columbia Electric Company and might not like it, but the truth must be told, and I am giving you the whole story. I am speaking the truth, as Harry Truman said.

Hon. Mr. Brunt: Did you say $40 million was lost in one year?

Hon. Mr. Reid: No, in eleven years. *Maclean's* magazine carried that story. I will give you the date of the issue in which all those things are shown up.

We do not have to go any further than Ottawa to observe the difficulties that bus systems find themselves in. Soon people will not be able to ride the buses here, if losses continue.

I am giving you the sources of my information. I thought my honourable friend or someone else would like to interrupt me and tell me I was not stating the facts, but I have a letter from an official of the British Columbia Electric Company which says that they are losing money on the buses and should charge a 25-cent fare instead of 15 cents. That letter is from one of the head men of the company. If you want to hear it I will read it. The cheapest power in British Columbia comes from the British Columbia Power Commission.

Hon. Mr. Beaubien: The same company?

Hon. Mr. Reid: No. The British Columbia Power Commission is set up much like the Ontario Hydro-Electric Power Commission. These two British Columbia bodies are confusing: one is the British Columbia Power Commission, the other the British Columbia Power Corporation.

Then General McNaughton gave an erroneous figure to the committee regarding the value of the fish. In 1955 the commission of which I am a member spent a whole morning with General McNaughton, in this very building, and placed before him the official figures on the annual run of fish and its value, yet when he got before the committee he took some millions off the figure. Indeed, I have a copy of the official document I personally handed to him in front of the then Minister of Fisheries and other officials. General McNaughton informed the committee that the problem of dams and fish had been solved in the United States. At the end of the record of the proceedings of the Committee on External Affairs there appears a document from the United States, which document does not say any such thing. But General McNaughton told the committee the

problem had been solved in the United States and there was no one there could contradict him. As you know, the General is quite an engineer and quite a forceful speaker, and can put over a good story. In this instance he did put over a good story, so much so that those who are out to build dams on the Fraser River and destroy the salmon are corresponding with him and he with them.

The British Columbia Power Commission is trying to grab the entire Chilko Lake in the interior. We had some little difficulty with that body over a letter they sent to the Minister of Fisheries. General McNaughton read the entire letter from the Minister of Fisheries into the record, but he never read the reply from the minister or the commission to the British Columbia Power Commission. He left that out, and I say he left it out deliberately, because he came right out later with this statement: dam the Fraser River first, and if any sacrifice is to be made, let it be the salmon.

I quite realize that General McNaughton may have done some good when he talked about diverting the waters of the Columbia River into the Fraser River, because of the trouble he was having with the Americans. That matter is so involved at the present time I would not attempt to discuss it here. Suffice it to say, the Columbia River commences in British Columbia, goes north for a distance and then turns south and flows through the United States, emptying into the sea at the city of Portland. The United States has pretty well developed the river south of the border, but that part of the country is short of power.

This Columbia River trouble all started when a man by the name of Kaiser negotiated with the Province of British Columbia for power rights in certain waters. It was then that the federal Government intervened and passed a law preventing anyone from exporting power without the authority of the federal Government. General McNaughton, as chairman of the International Joint Commission, was given the task of having the waters investigated for hydro-electric power.

I complained, and I still feel a little peeved about the fact, that the former administration handed the British Columbia Electric Company some $280,000 to help them find dam sites for themselves. Think of it! A firm called British Columbia Engineering Company, a subsidiary of the British Columbia Electric Company, was given $280,000 to help find dam sites. When the proposal to the provincial Government was made by the Kaiser interests it was then the federal Government stepped in and stopped the proposed deal. Then the Americans refused to consider Canada's rights on the Columbia. Later General McNaughton proposed to divert the waters of the Columbia into the Fraser and to build ten dams on the Fraser. The idea was to dam the waters of the Columbia River at a place called Mica Creek, and when the waters of the Fraser River were low, as they are at certain months of the year, water would be let out through a 19-mile tunnel from the Columbia River into the Fraser River. All these proposed ten dams would generate hydro-electric power.

When this proposal became known to us we pointed out that its development would mean the extinction of the sockeye salmon, if not all salmon. We had discovered that if the salmon were delayed in their voyage between the mouth of the river and the spawning beds for more than 12 days they were lost. Bear in mind, the sockeye salmon have a date with destiny: when they enter the mouth of the river and encounter fresh water they cease to eat and must live off their fat. In some instances they travel as far as 850 miles to reach the spawning bed. So, as I pointed out, if anything interferes with them or blocks them they will not spawn, but die with the eggs in them. This is what our scientists and biologists learned when they were investigating the facts about Hells Gate. Ten dams, of whatever height, would entirely block the fish and they would never reach their spawning beds.

We also pointed out that turning the waters of the Columbia River, which are glacial waters, and contain no fish food known as plankton, into the Fraser River, would also wipe out the spawning beds in the interior.

May I pause to tell an interesting story about the experience of the Province of Ontario and the use of plankton for fish. About four years ago Ontario asked us if we would hatch one million eggs from the salmon known as Pink. We hatched the million eggs, which were to be used as an experiment in Hudson Bay. Well, that experiment has not turned out very well. One of the reasons, so it is believed, for the scarcity of fish in Hudson Bay is the lack of plankton in its glacial waters. So water is not simply water, nor is salmon simply salmon. One has to know the variety, and specify the variety rather than give a general classification, and one has to consider also the water in which the fish are to live.

We are often accused of not experimenting enough. Let me say that we had a three-year experiment on a 280-foot dam in the United States, where we found that there was a mortality rate of 64 per cent among the fingerlings passing over the dam, and 34 per

cent among those passing through the turbines. That is something we do know; it is not a guess. The actual facts which I am presenting come to us from our biologists and engineers. So, I repeat, the building of dams on the Fraser River will wipe out the salmon fishing industry.

Statements have been made that we are not doing enough to find an answer for the problem of dams. Those who are advocating the development of power on the Fraser River say, why do you not spend more money to find a solution? It might surprise honourable senators to know just how much has been spent: many millions have been spent both by the United States and Canada in an attempt to find a satisfactory solution of the problem. There are at this time some one hundred biologists and other scientists whose task it is to try to find how best to take salmon over dams and take fingerlings down, and I can say without fear of successful contradiction that so far no solution of this problem has been discovered.

Hon. Mr. Burchill: Will the honourable senator permit a question?

Hon. Mr. Reid: Yes.

Hon. Mr. Burchill: At what height can fish be safely taken over dams by the use of fish ladders?

Hon. Mr. Reid: I do not know that I can answer the honourable senator's question. One dam I have in mind, in the Columbia River, Bonneville, is 80 feet high, and there are in certain other places dams, some of which have elevators for lifting the salmon. The tests in the Columbia River, which are often quoted, show that the quantity of salmon which go up the river in a day is as nothing compared to ours. Probably 80,000 salmon will pass the Columbia dam in a year, whereas in the Fraser a million have been passed through in one day. People talk about taking up so many salmon in a lift or fishway, but so far as I know the total so taken over dams in British Columbia does not exceed 25,000, and they are not sockeye. At the Baker dam, in the United States, where we tested the movement of fingerlings over the dam, there is a system by which the sockeye enter a cage, which is lifted, then opened, and the salmon drop out. This method has been in existence for, I suppose, 20 years, but the fisheries are going down and down and down. So in the Columbia River, in spite of all the expenditures, the decline in the fisheries goes on. As a matter of fact, the value or number of the fish in the Columbia River today is no more than 15 per cent of what it was 25 years ago. Of course they can show you some beautiful hatcheries, and all that is being done, but the fact is that commercial fishing, as far as salmon is concerned, cannot be maintained by hatcheries.

I have referred to the money which has been spent by the federal department, the Fisheries Research Board and ourselves. This year over a million dollars will be expended in research. When we pointed this out to some who favour dam-building, one said, "Why don't you allow the dam to be built and then find out what happens?" To my mind that is, I am almost inclined to say, a foolish question, because if such a dam were built there would be no sockeye left; the fisheries would be finished.

You may ask what is to be done to provide power. My answer is that enough power can be developed in the eastern and southern part of British Columbia, without interfering with the Fraser River, to serve six million people. The population of the province at present is 1,300,000. I dispute the claim of the British Columbia Electric Company that a power shortage is so imminent that within a few years 5 or 10 million horsepower will be needed. At the present time, as a matter of fact, British Columbia has a greater supply of power per thousand of population than any other province. Let me quote some figures. The Gordon report states that British Columbia may expect a population of 2,300,000 by 1975. I maintain that the power which can be developed in the various rivers, apart entirely from the Fraser, would be sufficient for 6 million people, unless some extraordinary demand should arise in connection with the production of aluminum or some other metal—and if so that work should be done away from centres of population.

I shall not detain honourable senators much longer—the entire story is an extremely lengthy one—but I want to show how large a loss we may expect if a dam is placed on the Fraser River. Our present catch is not yet equal to that of 1913, but we are heading that way fairly fast. In 1913 the Fraser River produced 190 million pounds of fish food, salmon in tins, ready for eating. Compare this with the total production of beef in British Columbia. Last year the dressed beef, that is beef ready to be cooked, produced in British Columbia totalled 52 million pounds. Would any person suggest that the beef production of our province should be wiped out? Yet there are men, like General McNaughton and others who argue that the salmon industry—an industry which can produce 190 million pounds of food annually—is not worth saving.

Hon. Mr. Smith (Queens-Shelburne): What is the money value?

Hon. Mr. Reid: It would be worth, I suppose, about $125 million in 1975 or 1980.

Hon. Mr. Smith (Queens-Shelburne): Landed value?

Hon. Mr. Reid: Manufactured value. There is of course a difference between what the fisherman gets and the price paid for what is sold over the counter,—much the same as the difference between the price of cattle, and that of processed beef. Yet there are those who want to wipe out this production of 150 million pounds, when ample power requirements can be obtained without interfering with the Fraser River at all.

Bear in mind that, according to an estimate by the United Nations organization, in 50 years the world's population will have doubled. So if there is anything of which we should be careful, surely it is our food supply. All the food which can be produced will be required; you can eat salmon, but you cannot eat a kilowatt.

I could have gone on at greater length, but my particular purpose is simply to draw attention to the statements, or misstatements, made by General McNaughton. It makes me a little wrathful to find him co-operating with interests in British Columbia which are trying with hyper-subtlety to put over the idea of having hydro-electric dams in the Fraser River and so destroying our heritage of salmon. He is corresponding with these interests and they are using his name to support their plans.

One final warning to the Government and General McNaughton is that, while it might have been laudable on his part to try to bring the Americans to time, it may in the long run prove rather disastrous. After all, the Premier of British Columbia is going to have the final say in this question. As I have repeatedly said, what the federal Government has been doing in British Columbia it would never attempt in Quebec; Duplessis would have been on its neck at once. I say that without fear of successful contradiction. The federal Government has been getting away with murder out in British Columbia. Mr. Bennett is now doing in his way what General McNaughton did in his. General McNaughton used the plan to divert the waters from the Columbia to the Fraser with a view to bringing the Americans to time, and now Mr. Bennett has something else to use as a club. It is almost certain that the Swedish-based Wenner-Gren interests will be given the right to develop all the horsepower in what we call the Rocky Mountain Trench. We are a little suspicious, of course, as to what is behind all this; but these interests claim there is sufficient power in that area to develop some 4 million horsepower. Because of this, Mr. Bennett feels he does not have to go and dicker with United States interests as to power on the Columbia. Now, all this could result in a very complicated problem.

For some reason or other a report which was presented to the Government last December was denied us. I don't know why. I claimed at that time, as I have done on many occasions with regard to reports, that as a member of Parliament I had a right to ask for a copy of the report. After all, the people of Canada paid to have it prepared. The Government claimed it had good reasons for withholding the report and so refused to divulge its contents.

American engineers have their views on power development on the Columbia River. Mr. Bennett has his views and he has given a straight statement, which I am keeping close at hand in case he should change it. He says that as long as he is Premier of British Columbia there will be no dam on the Columbia River until the fish problem has been solved.

Honourable senators, in getting this whole matter cleared up I cannot see how the federal Government can try to make any headway with American interests and at the same time keep ignoring the province of British Columbia. The Premier has felt that he has been left out so much that he has put his own engineers on the job and so is not going to accept General McNaughton's statement. Just when the whole matter will be finally cleaned up I don't know. They may never divert the waters from the Columbia, but we cannot take a chance on it. It all started out with General McNaughton wanting to bring the Americans to time, and there is no doubt that it did wake them up, but when he turned around and said to get rid of the salmon, and when he made false and misleading statements, placing these on the records of Parliament, I felt it was my duty to get up and place the truth of the matter on the official record.

On motion of Hon. Mr. MacDonald, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 18 to 30, which were presented on Thursday, May 29.

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 113)

ADDRESS

of

PROFESSOR DR. THEODOR HEUSS

President of the Federal Republic of Germany

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

in the

HOUSE OF COMMONS CHAMBER, OTTAWA

on

MONDAY, JUNE 2, 1958 at 11.00 a.m.

Dr. Heuss was welcomed by the Right Honourable J. G. Diefenbaker, Prime Minister of Canada, and thanked by the Honourable Mark Robert Drouin, Speaker of the Senate, and the Honourable Roland Michener, Speaker of the House of Commons.

Right Hon. J. G. Diefenbaker (Prime Minister of Canada): Mr. Speaker and members of both houses of the Parliament of Canada: I welcome the President of the Federal Republic of Germany on this unique occasion, unique in that it is the first time that the Parliament of Canada has been addressed, and indeed it is the first time that North America has been visited, by a head of state of Germany.

President Heuss was a member of parliament for seven years. He was been a statesman, a professor of history and political science, a publicist and editor, a biographer and author.

Canada is a land of recent immigrants as measured in the perpective of human history, and they and their descendants have learned to live together in amity and brotherhood in this land. While the basic racial stocks are French and English, Canada is a land of many races who have all made their contribution to our traditions and development.

It is of interest to recall that the first of these races who came in the wake of the early French and British colonizers were some 2,300 persons from the Palatinate and the upper Rhine who betwen 1750 and 1752 were settled in Nova Scotia under a colonization plan of George III. They were followed by others of your race, sir, who came to Canada after the revolutionary war in large numbers from what today is the United States of America. Even at the time of Confederation there were within our country around 200,000 people of German origin. Today that number amounts to some 800,000 who have come and have made their citizenship here in keeping with the traditions of the other races who have joined together to comprise the people of Canada.

We meet here under unusual circumstances indicative of the fact that there is no finality in history; for that partnership that now exists among the United Kingdom, France, the United States, Canada and the other nations of NATO, including Germany and Italy, is indicative of those changes that have taken place in binding together the freedom-loving peoples of mankind.

During the presidency of our distinguished guest and under the wise statemanship of Chancellor Adenauer, the Federal Republic of Germany joined and is now one of the major members of the North Atlantic Treaty Organization. I believe that what these nations have been able to attain in understanding and co-operation will in the years ahead, if our faith is maintained, permit a like development of freedom under law for mankind, a worthy and attainable objective.

We believe with you that the free world must maintain its defences. We believe that the subjugation of defenceless nations on global proportions by force, infiltration and economic penetration makes it necessary that nations co-operate. Our experience in the past, of course, has been that pacts of themselves are insufficient. Deeds are needed as well as words, and for that reason Canada maintains the Canadian infantry brigade in the Soest area in Germany and bases for its air forces in Germany and France, and under the mutual aid program we train in Canada considerable numbers of German air crew personnel.

We believe that further attention and consideration to the principles of economic cooperation inherent in article 2 of the NATO treaty is necessary if NATO is to meet successfully the changing forms of Soviet influence.

We have intensive trade relations with Germany. We are co-operating in the fields of atomic energy, taxation and civil aviation. Believing that the preservation of human freedom—I know that the members of Parliament have the same view, and that you share that view—transcends all other considerations, Canadians intend to nurture that spirit of good will with all like-minded nations. We reaffirm our belief in and support for the North Atlantic Treaty Organization as a defensive organization dedicated to peace and with no offensive objectives. 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.

My hope is that if the Western world will maintain its unity of purpose and will not weary in its pursuit of peace with freedom, however uncertain and hesitant the steps to that objective may appear to be, that peace with justice under law will have been achieved.

It is in that spirit, sir, that I welcome you to the Parliament of Canada in this chamber with representatives of the Senate and the House of Commons present. We welcome you for the stands you have taken since assumption of the presidency of Germany in 1949, for that spirit of understanding and co-operation which has characterized your state. It is in that spirit that I welcome President Theodor Heuss, President of the Federal Republic of Germany, and now ask him to speak.

Professor Dr. Theodor Heuss (President of the Federal Republic of Germany): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Honourable Members of the Senate and Members of the House of Commons: Permit me first to express my thanks to the Canadian people on my visit to Canada. I wish them to understand that my ability to speak English or French is not indicative of the depth of my feelings. I am sorry that I have not had practice in speaking foreign languages, either English or French, and I must ask your indulgence to permit me to speak to you in German. Permettez-moi de continuer en allemand.

(Translation)

I thank His Excellency, the Right Honourable Vincent Massey, Governor General of Canada, and the Canadian Government for their kind invitation to visit Canada.

I have asked the Governor General to convey my greetings to your Queen, Her Majesty Elizabeth II, and tell her how happy I am to become acquainted with this important and beautiful country and member of her commonwealth.

I hold it a great honour to be permitted to speak in this illustrious house, which is at once a home and a model of the democratic spirit.

My words are at the same time addressed to the people of Canada, to whom I wish to extend cordial greetings from the German people. May I accompany these greetings by my sincere thanks for the friendly reception accorded me everywhere since my arrival in this great country.

Throughout the centuries preceding our own, which has brought such tragedy to the peoples of the world, relations between Germany, whatever her form of government, and Canada were of a peaceful nature.

Then followed the two world wars, the first brought about by political misunderstanding and ineptitude, the second by evil and arrogant worship of power.

We cannot ignore these historical events which claimed so many vicitims and caused so much bloodshed. I still remember the war memorial honouring the Canadian soldiers who fell in Northern France in 1917 and 1918.

Out of these many battles there emerged mutual respect for soldierly gallantry, and then the understanding that it would be better to live with one another, yes! for one another! For it must not be forgotten that we have the same spiritual heritage and a great deal in common both intellectually and culturally.

Alas! Our generation knows all too well that campaigns and wars may have been brought to a victorious conclusion, but that peace has not yet been won.

The fear lurking in the souls of many nations is the result of political or military decisions still prompted by old wartime passions and worries.

We in Germany have many reasons to be grateful to the Canadian Government and the people of Canada for their early and unwavering understanding.

We appreciate what it means for Canada to maintain soldiers on German soil, to afford an opportunity to young German pilots to familiarize themselves with the constantly developing aircraft techniques, and to recognize and support the German people's demand for reunification by peaceful, democratic means.

The North Atlantic Treaty Organization, of which both our countries and peoples are loyal members, is the political expression of mutual solidarity.

Due to the times we live in, this Treaty at first had military and even strategic aspects. But it is growing out of that stage,

and this in itself refutes all Eastern propaganda claiming that it is a kind of aggressors' plot.

The political and economic traditions and aspirations embodied in this Treaty are much too diversified for anything like that.

Canada, with her wide-open spaces, and her rich resources waiting to be tapped, is developing her own historical rhythm. But she nevertheless still remains linked to Europe through the origin of her inhabitants belonging to separate language and cultural groups and stemming from her formative period and through the immigrants who bravely faced the risks of the new environment or, driven from the soil of their forefathers, established a new home here. What thousandfold opportunities many of them found in this land, especially the Germans expelled from southeastern Europe.

Here, where vast space fashions its own laws, it will also be appreciated that Free Europe and, in the not too distant future it is hoped, the other Europe which, together, we historically consider as an indivisible whole, is developing the elements of its unity in the economic, social as well as the spiritual and cultural fields, despite its present division.

These are the questions which find their expression in concepts such as EURATOM, Common Market and Free Trade Area, but I cannot enlarge on their problems at this time and place. I think that the progress they represent is also appreciated in this country.

The psychological and political background of all this is the fact that the convulsions which characterized the relations between Germany and France for centuries have now been eliminated, after terrible experiences.

German youth has understood this to be an essential to the future of Europe.

Germany, which gratefully cultivates friendly relations with the United Kingdom and the countries in the North, West and South, has given herself authority in her Constitution to renounce her traditional national sovereignty.

The days spent here have made me richer in understanding, as I have viewed venerable and historic Quebec; seen the living present of Toronto and Montreal and had the incomparable experience of seeing the St. Lawrence Seaway and Niagara Falls. And I know you will not mind my quiet feeling of pride when I think that 60 years ago, when the Falls were first harnessed to generate power, it was my native province that supplied the first turbines.

In closing, allow me to say that this country offers immense opportunities for all those who face the future unafraid, and who love freedom. This country will help humanity in its efforts to give prosperity to everyone and to preserve peace among the nations.

Such is my fervent hope.

Translation:

Hon. Mark Robert Drouin (Speaker of the Senate): Mr. President, allow me to say to you, on behalf of the members of the Senate of Canada, how very pleased we are to have you with us at this time and to express our gratitude for the admirable address which you have just delivered.

We have had, on previous occasions, the great honour of greeting, in this very chamber, a number of remarkable statesmen, particularly from the commonwealth, from the neighbouring republic and from France. We are happy and proud, at this time, to be able to add your name to that memorable list of the best friends of our country and of the outstanding personalities of the free world.

The German people could not have chosen a better ambassador than yourself, Mr. President. We were already aware of your qualities of heart and mind, but we had yet to enjoy your great personal charm and to enter into bonds of friendship with the first citizen of that Germany which has become, not only a true friend but a precious ally in that gigantic struggle which is being waged since the end of the last war for the defence of peace and of freedom. We are glad of this opportunity which has been provided by your Government.

Our friendship with your beautiful country is an established fact. A substantial part of our population is of German origin. Naturally, for that very reason, that group has preserved a deep affection for Germany. But, moreover, no one can be unaware of all which your country has contributed through the centuries and still contributes today, to science, music, literature, philosophy and the various aspects of technical knowledge.

In addition, our two countries are solemnly associated in the North Atlantic Treaty to face any emergency. They are thus closely linked within the Western community where Germany's influence, I am glad to point out, is increasingly being felt. We are therefore basically united by our common attachment to the same ideals and political principles.

In this regard it gives me pleasure to mention your personal contribution to the development and drafting of the democratically inspired Constitution of the Federal Republic of Germany, before you were elected first as a member of the Bundestag and then President of the republic.

While we are already closely bound in the political, commercial and cultural spheres, we trust that this co-operation between our two countries, in facing current problems, will continue to grow in the future. Your visit, I am sure, reflects your country's determination to persevere in this course.

Mr. President, please convey our best wishes to the German people as well as to the members of the Government and of the Parliament of the Federal Republic of Germany. Tell them, particularly, on our behalf, that our most sincere wish is that they may, very soon, with the help of the other free nations, raise the iron curtain which now divides them and prevents them from uniting freely.

Hoping that your visit to Canada will be enjoyable to you all, we wish you a pleasant journey home and many more years of fruitful life.

(Text):

Hon. Roland Michener (Speaker of the House of Commons): Mr. Bundes President: On behalf of the House of Commons and the Canadian people whom we are representing, although not exclusively I should say in the presence of so many senators, may I express to Your Excellency our lively appreciation of the honour which you do us by your visit. You will appreciate from this second address of thanks that we are a bilingual country of English and French origins. After these two basic groups the third largest element in our population is of German descent. Many of these are third and fourth generation Canadians and some, such as those who founded Lunenburg, already mentioned, have a much deeper Canadian background.

As you have discovered on your recent visit to Toronto, this ethnic bond between our countries has been strengthened in the last ten years by an influx of many thousands of your countrymen. These latter, and to a lesser extent the descendants of the earlier German settlers, will appreciate your message in the words in which it was spoken; but all Canadians will welcome, in translation, the friendly message of greetings which you have brought us from the Federal Republic of Germany.

What you have said is not only welcome but important. Our future, as well as the peace and progress of much of mankind, will be affected in no small degree by the course which is taken by the German people, with their great capacities for work, invention and the arts of peace and war.

The world has shrunk since the first German immigrants came here in sailing ships. With modern transport you have had a quicker and, we trust, a more comfortable passage. Nevertheless from Bonn to Ottawa is still a long journey to be undertaken by one of your high position and responsibilities. On that account we are the more grateful to you for having come.

By your presence you have not only imparted to your message the integrity and purpose which have been exemplified in your illustrious career, but you have given us the opportunity of closer acquaintance with one of the great men of modern Europe.

We wish you happiness in your visit and a safe return to Bonn. Will you take home with you the thanks and cordial greetings of the House of Commons of Canada.

I conclude with words which most Canadians will understand and which all would wish to apply to your visit: Danke schön und auf Wiedersehen.

THE SENATE

Wednesday, June 4, 1958

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

Prayers.

Routine proceedings.

SENATE ACCOUNTS

TABLED—REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that, in conformity with Rule 103, the Clerk has laid on the Table the accounts and vouchers of the Senate for the fiscal year ended March 31, 1958.

Ordered: That the said accounts and vouchers be referred to the Standing Committee on Internal Economy and Contingent Accounts of the Senate.

DIVORCE

BILLS—FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-15, for the relief of Olive-Jane Frances Piper Sinclair.

Bill SD-16, for the relief of Rhoda Carin Burack.

Bill SD-17, for the relief of Evelyn Grace Blakely Mullins.

Bill SD-18, for the relief of Julia Switnicki Kobel.

Bill SD-19, for the relief of Eric Dunstan Martin.

Bill SD-20, for the relief of Hazel Margaret White Jackson.

Bill SD-21, for the relief of Mary Stepko Berryman.

Bill SD-22, for the relief of Jewel Evelyn Bockus Yeo.

Bill SD-23, for the relief of Clarence Leonard Sproule.

Bill SD-24, for the relief of Geraldine Avonne Dixon McNaughton.

Bill SD-25, for the relief of Jean-Louis Ducharme.

Bill SD-26, for the relief of Emery George Nemeth.

Bill SD-27, for the relief of Alfreda Rose Celina Gigot Kyriazis.

Bills read first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Next sitting.

PRIVATE BILLS

PROTECTIVE ASSOCIATION OF CANADA—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the committees report on Bill S-2.

The report was read by the Clerk as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-2) intituled: "An Act respecting The Protective Association of Canada", have in obedience to the order of reference of May 29, 1958, examined the said bill and now report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hayden: Next sitting.

MERCANTILE AND GENERAL REINSURANCE COMPANY OF CANADA LIMITED—REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill S-3.

The report was read by the Clerk as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-3) intituled: "An Act respecting The Mercantile and General Reinsurance Company of Canada Limited", have in obedience to the order of reference of May 29, 1958, examined the said bill, and now report the same without any amendment.

The report was adopted.

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

Hon. Mr. Hayden: Next sitting.

PRINTING OF PARLIAMENT

JOINT COMMITTEE—ADDITION TO SENATE MEMBERS

Hon. W. M. Aseltine, with leave of the Senate, moved:

That the name of the Honourable Senator Reid be added to the list of senators serving on the Joint Committee on the Printing of Parliament; and that a message be sent to the House of Commons to inform that house accordingly.

Motion agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Monette, seconded

by Hon. Mr. Thorvaldson, for an Address in reply thereto.

Hon. John J. MacDonald: Honourable senators, I know that you all are gazing on me because you realize this is my first address in the Senate. May I at this moment, like those who have preceded me, extend to the Honourable the Speaker my sincerest congratulations upon his re-election as Speaker of this house. May I also extend my heartiest congratulations to the mover and to the seconder of the Address. Both these gentlemen, no doubt, are learned in the law, and could not fail to do full justice to an occasion of this kind.

I greatly appreciate, too, the privilege of extending congratulations to the Honourable the Leader of the Opposition (Hon. Mr. Macdonald), who recently delivered here such a fair-minded address. There was an old friend of mine, now dead, who I know would have liked nothing better than to have joined in this expression of appreciation. I refer to the late W. Chester McLure, who spent 12 years as a member of the House of Commons. It is, of course, also my privilege at this time to appreciate the leadership of our present and, I hope, future Leader of the Government here (Hon. Mr. Aseltine). He has an amiable disposition; I know he wants to be fair, and it is his aim, I believe, to maintain here a happy family atmosphere, although, no doubt, as in the best of families, "ruckuses" will strike up occasionally.

I may recall that on May 12, at the opening of the session here, I was escorted into the chamber to take the oath and be introduced to the Honourable the Speaker. Afterwards, as I sat waiting for the others to be introduced, I looked around me and said to myself: "Heavens, I am gazing at men who are university graduates, men learned in law, in business, in medicine, and what have you. Here am I: the only degree that I can boast of is a degree from that great university of hard knocks and experience." I found out a few days afterwards that I was not alone in that respect, and in saying so I have in mind an honourable friend of mine across the way. And I hope, as a certain timidity wears off, I shall be able to follow along with some degree of acceptance.

Perhaps I may be pardoned for saying I have been around a little bit. I recall back in 1914, when as a resident of the province of Alberta I had some flair for local politics—I was not too young then, either—I happened to drop into the local Legislature during what was, I believe, the short session which followed the beginning of World War I. There I listened to a young man seconding the Address in reply to the Speech from the Throne; and who was it but our honourable colleague from Cariboo (Hon. Mr. Turgeon). So he comes from the West and I come from the East.

I would like to mention another fact. I know that this will not be of much interest to most of you but I am sort of filling in, building up to the point where I get into the meat of what I want to talk about. I recall that the Leader of the Opposition in the Legislature that day was no less a person than Edward Michener, who was always busy advocating the rights and principles of the party to which I happened to belong. He later was appointed to this chamber and was probably an associate for some years of many of you here. Today I find that his son, the Honourable Roland Michener, is Speaker of the House of Commons, and I would not be at all surprised if after a few years he also is appointed to this chamber.

I suppose it is a little late in the year to be paying certain compliments, but irrespective of my political affiliations I would like to pay tribute to the Honourable Lester B. Pearson, the Leader of Her Majesty's loyal Opposition in the House of Commons. I am sure that most Canadians were proud of Mr. Pearson when he was awarded the Nobel Peace Prize. I am broadminded enough to say that although I am not of his political following I was proud of his achievement. It was quite a compliment to all of Canada when Mr. Pearson went to Oslo, Norway, to receive his award. Incidentally, Oslo is situated near the 60th parallel, and it is interesting to know that many densely populated cities such as Stockholm, Helsinki and Leningrad are located near the 60th parallel as it crosses their respective countries.

I am just going to leave this topic for the moment and drift to something else. Probably you will think I am going to get into partisan politics. I want to avoid this subject but at the same time I want to recall that on March 31 last the party of the Right Honourable John Diefenbaker was elected by a huge majority. Many Liberal members who sat in the House of Commons after the election of June 10, 1957 failed to come back after the election of March 31, and their supporters, like many supporters of the C.C.F. party and the Social Credit party, apparently got behind the Conservative party. As honourable senators will remember, one of the chief planks in Mr. Diefenbaker's platform was the pushing back of the frontiers toward the north, toward the 60th parallel. I want to quote some figures to honourable senators. Incidentally, I am not yet able to identify all honourable senators by their constituencies but I can name them. Men who, like the honourable senator from Churchill (Hon. Mr. Crerar), have spent many years in the House

of Commons and in the Senate, probably would not feel it necessary to give figures like these, showing the growth in Canada's total population and revenue. I had to do a little research in this respect, and I am going back only to 1891. The figures for that year and for every tenth year thereafter are as follows:

Year	Total population of Canada	Total federal revenues for fiscal year ending March 31
1891	4,833,000	$ 38,579,000
1901	5,371,000	52,515,000
1911	7,207,000	117,780,000
1921	8,788,000	436,292,000
1931	10,377,000	356,160,000
1941	11,507,000	872,170,000
1951	14,009,000	3,112,536,000
1957	16,589,000	5,106,541,000

I relate those figures, honourable senators, because I feel that our population, which is up to 17 million now, is going to expand so fast that, when I look back, I think the Right Honourable John Diefenbaker had the right idea that perhaps it was about time to start a move on the frontiers a little farther afield. While I am on that topic, let me say: May God help him, give him the best of health and continued wisdom to carry on his great responsibilities.

I listened with a great deal of pleasure, a few days ago, to the honourable senator from Shelburne (Hon. Mr. Robertson)—and do not imagine for a moment that I am criticizing or going to draw any fire from anywhere, for I will never attempt to do that—and I think his main theme was the high cost of living. Well, I agree with him there, and there is no difference between us in that respect. I think—and I suppose the Canadian Press is represented here—that though there may be isolated cases where labour is not getting enough, probably 75 per cent of the labour population of this country is at its peak, and I think that they would be well advised to hold the line. I will make that statement. However, what can be done about the cost of living otherwise—just what can be done about it? That is the crucial problem. Just whether this Price Spreads Commission can bring up an answer or not remains to be seen, so I am afraid I shall have to leave it at that for the time being.

Honourable senators, I listened very attentively and tried to follow the honourable senator from New Westminster (Hon. Mr. Reid) last evening. I am going to throw two challenges at him. They are not of a political nature. I can well remember that when World War I ended I took a trip to Glasgow, and I felt bound to visit the home of Robbie Burns, to whom we do honour and justice on January 25. If the honourable senator ever goes back there and looks back to about the last of March 1919, he will find my name in the visitors' book.

Hon. Mr. Reid: I will look for it next year.

Hon. Mr. MacDonald: The honourable senator spoke about salmon. To him I would say, "You hang on to them, and I will stand by the lobster."

Hon. Mr. Reid: Or the lobster will hang on to you!

Hon. Mr. MacDonald: Honourable senators, I suppose I would be very much remiss in my duty if I did not mention a certain gentleman whose name comes down from many generations and centuries ago—a man of wit, whose name was "Pat". He coined the phrase, "Everyone for his own country". That is what I am going to speak about now, and I am going to ask honourable senators to join with me and we will get down to Prince Edward Island.

Prince Edward Island is sometimes known as the Cradle on the Wave. It is known also as the little Kentucky of Canada, on account of its horseracing. It is noted for its lovely beaches—and any person who wants to spend a holiday would be well advised to get down to what we call the north shore and spend a couple of weeks there—for surf bathing, good beaches, and anything you want; for its well-tilled farmlands and, on the whole, well-kept farm buildings. Although we have a national park there, it was said at one time that the whole island is a national park. Honourable senators, that is the rosy part of it. The economic story is quite different. The majority of our young men are leaving us, probably for financial reasons. You probably cannot go into any nook and corner of Canada and not find—and I question if this is not true also in the United States—men and women from Prince Edward Island in any profession you can think of—the law, the church, and many, many others. That is about all we are doing in Prince Edward Island, exporting brains, and the sad part of it is that the old family farm is let go. Just what can be done about it I do not know, but it is sad, let me tell you that.

I want to talk about transportation for a moment or two, and I will go back for a few years. I remember that many years ago a tunnel was being advocated to connect the Island with New Brunswick. In those days the member for Prince County in the House of Commons was a man by the name of Howlan. My island colleague across the chamber probably knows more about this than I do. As I say, Mr. Howlan was advocating a tunnel. That was in the days of the late Sir John A. Macdonald. Anyhow, he must have been getting to be quite a nuisance on

the subject and Sir John said, "You go down there and run an election in your own county and if you win we will probably look into the matter". Howlan took him up on it, went back home and ran a by-election, but was licked. Well, honourable senators, there was not very much more said about that tunnel.

However, along about 1904 we heard of another very clever and ingenious politician, the late Alexander Martin. My Island colleagues know of him, I am sure. Well, he went for a tunnel right and left during the four years he was in the House of Commons. He even went to New York and investigated the tunnel under the East River there. At that time it was estimated that the tunnel could have been built for about $10 million. Well, heavens above! $10 million was big money in those days, although now it is only looked upon as a comparatively small sum. Anyhow, that tunnel also was lost sight of.

Then came the car ferry and that was a wonderful moment. We have had three new car ferries since. There are two of them now in operation. But still we are not satisfied. And that is the subject that I want to labour, if honourable senators will bear with me for a few moments.

Our transportation is a sort of bottleneck at times in this respect, and that is unfortunate, because the tourist industry all over the dominion is looked upon now as big business. On the Island, as we have the facilities—that is, the climate, and this and that and everything necessary—we regard the tourist business as quite a source of income for the province. But the service given by our car ferries is not good enough, and there lies the trouble. For instance, if a wealthy New Yorker pulls up in his car at Tormentine and finds the boat has gone and he has to wait an hour or two until she comes back again, he becomes disgusted. He might wait and go across to the Island and run into the same difficulty when ready to make the return trip; and, if so, when he gets across to the mainland he says, "To hell with that"—excuse the phraseology—"that is not good enough."

So now we are advocating a causeway and, as you honourable senators know, you voted for a grant for a real honest-to-goodness engineer's survey as to cost, drawings, specifications and everything else. We hope that when that report is made it will be favourable, and I trust also that this honourable Senate will be sympathetic to our cause.

Now, honourable senators, I do not propose to bore you one moment longer. As you know, when a person stands up and shells off his first utterances there is a certain amount of tension, fear and so forth, so I think I will just leave it at that.

Hon. A. B. Baird: Honourable senators, many of you who are here today may remember the late Senator David. He once stated in this chamber: "The brain is a wonderful thing: it starts to function the moment you are born and does not stop until you get on your feet to make a speech." Well, I think that just about fits me.

Hon. Mr. Macdonald: You are too modest.

Hon. Mr. Baird: I join with those who have already complimented His Honour the Speaker and the new members, and perhaps more especially the new Leader of the Government (Hon. Mr. Aseltine) and the recent Leader (Hon. Mr. Haig), who are personal friends of mine.

Honourable senators, civilization could be a wonderful thing; it is too bad indeed that we never get a chance to try it.

On the hustings we have become accustomed to hear a lot about our wonderful Canadian heritage, the priceless gift of our forefathers. One of the traits we inherited from them was the good old habit of living within our means, of paying our own way and paying it as we go, and, if we could not afford a thing, to do without it. I have always worried quite a bit about the way we have been losing this ancient virtue and about the growth of the habit of trying to keep up with the Joneses—an idea that seems to have developed the vicious habit of buying whatever the fancy of the moment would indicate and putting off paying for it as long as possible.

But now, to the surprise, I am sure, of the members of this honourable Senate, our Government is deliberately and with intention proposing to budget for a deficit. Surprised? Nay, I should say shocked.

Parliament knows full well that deficit budgeting has never been the Canadian way, and to take such unprecedented action, merely because of the very minority of the Opposition, verges closely upon a veritable dictatorship—something none of us would like to see in Canada. Of course, it is easy to see that the Government has placed itself in a very precarious position as a result of its egotistical and extravagant pre-election promises to cut taxes, to relieve unemployment, to beat inflation, and so on *ad infinitum*.

Taxes represent the means of paying our governmental expenses, which must be paid by us or by our children and grandchildren, or even by their children. Putting off paying our debts is a sure way of building up future grief. There is only one way to cut taxes, and that is to cut the cost of government.

Now, honourable senators, I want you to look closely at the publicized proposals of the Government, as indicated in the Speech from the Throne. Can you find there any

sincere attempt to cut the cost of government? What stands out in my mind is the raising of all paternal pensions, no matter in what field—raising, raising, raising, without regard for who's going to pay, nor how, nor when!

It seems that for a time we are to be ruled on the basis of political expediency and extravagant pre-election promises, building a great day of reckoning for a Government probably for the Government which is due to follow the present one.

There is real danger indicated in the *Financial Post* headline of the past week: "Unemployment Fund gets new $20 million slap." The Government has again stepped in and upset the security planned and built into the Unemployment Insurance set-up on an actuarial basis. The Government has a number of similar set-ups where particular projects are run on an incorporated basis, and I look for danger ahead if the Government continues to over-step management in the operation of these phases of our national business.

It is very easy for a new management in any industry or enterprise to cause grievous damage by hearkening to the pressure within or without the organization, and so it is with the business of government in these days of organized pressure groups. I note with regret the tendency already indicated by our Government to defer and promise regardlessly to these pressure groups—particularly to labour unions—which, heedless of the recession being experienced in business generally, are still seeking increases in wages and in benefits.

Higher costs in industry have succeeded in pricing our products almost out of the export market and have reduced our national purchases to a large degree. Organized labour should beware of forcing prices still higher, where still few buyers will be available.

Higher costs apply to most Government activities. Planned spending for social welfare is due to raise another $94 million to a total of over $880 million. Civil Service salaries are upped $31 million to $701 million. Public Works estimates are upped $27 million to $218 million, to say nothing whatever of the added cost of the South Saskatchewan River dam, the railway to Great Slave Lake and other unnamed projects well hinted by the Government, but not yet publicly declared.

All this cannot be financed by deficits. Some day, somebody, somehow, must pay.

If only the people of Canada could realize how their pockets are being picked by inflation, I am sure there would be a march on Ottawa.

Are we beating inflation? No! Building it.

Hon. William M. Wall: Honourable senators, before proceeding with the few observations I wish to make in the general context of this debate on the Speech from the Throne I would like to add my felicitations and best wishes to the Honourable the Speaker on his reappointment to this position of impartial trust and high responsibitity, and to the honourable the Government Leader in the Senate (Hon. Mr. Aseltine), whose appointment has been so warmly received by all members of this chamber; and to congratulate the Honourable Senator Brunt on his appointment as Deputy Leader of the Government; and to express to the Honourable John T. Haig, P.C., the sincere sentiments of our mutual respect and our joint tribute for the contributions which he has made in this honourable chamber. We hope for the senior senator from Winnipeg many more years of health so that we may continue to benefit from his experience in public affairs.

Four new colleagues have joined our ranks, each bringing to the Senate his contributory gifts of wisdom, talent and representative experience, each adding to the sum total of the representative nature of the personnel of this chamber so that together we may be able to perform with greater effectiveness the legislative and other responsibilities for which this chamber was instituted. This is the first public opportunity I have had to bid them welcome and I do so most warmly and sincerely.

I regret that it was not my good fortune to be present to hear the speeches of the mover (Hon. Mr. Monette) and the seconder (Hon. Mr. Thorvaldson) of the Address in Reply to the Speech from the Throne, but I have read them with diligent attention and I was deeply impressed by the substantive arguments which they presented.

(Translation):

May I congratulate them on their truly remarkable speeches. I wish I had sufficiently mastered the beautiful French language to express with fitting fluency my feelings of admiration and appreciation for the honourable senator from Mille Isles (Hon. Mr. Monette) and the honourable senator from Winnipeg-South (Hon. Mr. Thorvaldson).

(Text):

I confess that I was intrigued by this final statement in the speech of the Leader of the Government:

> All in all, the Government program outlined in the Speech from the Throne may well be the most exciting and constructive in Canada's history.

It may, in fact, seem to be so; but "seem" is not "is", and time will provide us with more effective judgmental yardsticks. For

surely this challenging and partly-provocative assertion must, I submit, be examined in the historical perspective of the long list of accomplishments of the former Liberal administration which were also motivated by a desire to further a practical realization of Canadian unity, and liberty, and social security, and Canadianism, and national development—even that dealing specifically with Canada's North. I venture to suggest that this historical perspective will bring the present legislative program into sequential and proper focus *vis-à-vis* the many exciting and constructive programs which formed the legislative framework for the continued national development of Canada during the preceding two decades.

It is not my intention to comment upon the many interesting aspects of the governmental policies which have been outlined in the Speech from the Throne. Many of these are couched in traditional and general terms, bespeaking from us a wait-and-see attitude until the projected legislation can be judged on its specifics. It is interesting to note that some of these proposed legislative developments are natural and sequential extensions or modifications of public policies initiated or planned by the former administration, while a number of measures and appropriations are to be proposed to continue and to extend the Government's program to sustain employment by the acceleration of a variety of public works and other social capital projects. About these there may arise some difference of opinion concerning their timing and the degree of their usefulness in halting a recession without aggravating the dangers and inequities of presently accelerating inflationary trends.

All these projects, involving the ostensibly more massive intervention of the state as a corrective for some of our present economic difficulties, also involve very considerable capital outlays, to be financed through a great deal of credit financing, and the Government thinks that the climate of the capital market is such that these needed funds will be forthcoming. Incidentally, and significantly, I must add, the Government does not exclude the possibility of an aggravation of inflationary trends under the influence of such a heavy mobilization of capital investment, and it warns us about the dangers and inequities of inflation. And well it might, honourable senators, as competent economists contend that there is a causal relationship between inflation and public deficit financing on the relatively high scale which is estimated in the public expenditures as we can now see them.

How are we to solve at one and the same time the contradictory dilemma of maintaining full employment in a period of economic recession, without aggravating continuing inflationary trends? This is a national problem of crucial importance which demands urgent study; and we are indebted to the Leader of the Opposition (Hon. Mr. Macdonald) and to the honourable senator from Mille Isles (Hon. Mr. Monette) for calling attention to this problem, and to the honourable senator from Shelburne (Hon. Mr. Robertson) for his responsible and constructive analysis of this grave peril—not only to the orderly development of our national economy but to the strengthening of our democratic way of life.

I am not an economist, and only a sense of urgent concern prompts me to make further observations regarding this controversial and highly-complicated problem of continuing inflationary pressures. It should be noted that, paradoxically, we face the dilemma of being forced to deal at one and the same time with inflation and with recession, which last, according to the classical theory of economics, should bring lower costs and lower consumer prices. As has already been mentioned during this debate, the consumer price index has shown the largest annual increase since 1951, increasing from 120.9 in April, 1957, to 125.2 in April, 1958, an increase of approximately 4 per cent in one year.

The overall extent of the continuing inflationary trends may be seen by examining what, to me, are alarming figures, to be found, for example, in Table I of the 1957 supplement of the Canadian Statistical Review of the Dominion Bureau of Statistics.

The general wholesale price index of 1939 is listed at 99.2; in 1956 the wholesale price index is 225.6. The consumer price index in 1939 was 63.2; in 1956, 118.1; on March 1, 1958, 124.3; in April, 125.2.

Another way of indicating the extent of this problem is to link arithmetically the present consumer price index, which is based upon 1949 = 100, to the consumer price index, 1935-39 = 100, and then to measure the purchasing power of a dollar based on 1939 = 100. What do we find? Translated to this 1939 base, the average 1957 consumer price index was 196.0, and the average purchasing power of the Canadian dollar was 51.8 cents, measured by the consumer price index, and 43.6 cents when measured by the wholesale price index.

Using the consumer price index as a measure of the price change in disposable income, a married man with two dependents, and not qualified for family allowances, with a disposable income of $2,500 in 1939 would have to earn $5,225 now to have a disposable income of $4,830, which last figure would equal the purchasing power of $2,500 in 1939. A single man, with heavier income taxes,

would have to earn $5,670 in 1957 in order to equal a disposable income of $2,500 in 1939.

Then, we should relate all this to the effects of inflation upon Canadians with more static incomes, dependent upon bond holdings, pensions or annuity fund payments or social welfare-type payments, etc. Perhaps only then can we appreciate the full impact of this categorical statement in the 1956 report of the Bank of Canada:

> Inflation forcibly restricts consumption by exacting the greatest sacrifice from those least able to bear it.

On page 428, the Gordon Report makes this statement:

> The people who get hit the hardest in a period of rising prices are pensioners, people who have retired, and others with fixed incomes, the so-called white collar class whose salaries are relatively inflexible, and particularly those who are not organized in union groups.

These creditors, by and large, are the losers. They pay for a relatively larger proportion of the costs of inflation because they are least able to insulate themselves from its effects, and tragically, they are much too often the least able to bear these costs.

And who are the beneficiaries? Are they the debtors—all levels of government, and very many of our business and industrial corporations—and the great and organized groups of many kinds and characters who have acquired enough power to insulate themselves from the effect of certain economic forces which are harmful to them, and thereby to shift a relatively larger proportion of inflationary costs upon the creditors, upon those who have or are making savings in liquid assets, in equity in insurance companies, in retirement or annuity funds?

Pursuing this problem further, in the context of the Government's somewhat pious appeal for self-restraint and the somewhat academic warning about the dangers and inequities of inflation, we might ask ourselves whether the measures and instruments used by governments to influence the rate of economic activity and maintain full employment are inflation-biased, setting up contradictory pressures which aggravate inflation by pushing up price levels. The Gordon Commission seems to think that is so.

Furthermore, because there is greater sensitiveness and many more pressures for fostering employment during periods of economic slowdown than for stopping inflation during periods of economic exuberance, do our monetary and fiscal policies tend to do less about curbing inflation and economic overexpansion? Theoretically, we might fight inflation by reducing or restraining governmental expenditures, by raising taxes, by curbing expansion of credit or allocating it, by altering wage-setting, price-making and profit-taking processes, by modifying price-support policies and by reducing tariffs. In practice, except in a period of gravest national emergency, our available choices are much more limited. It demands rigorous self-discipline, imagination and courage, not only by Opposition parties but by Canadians as a whole, to restrict or allocate credit, to do effective cyclical budgeting, to decrease price supports, to reduce tariffs, for we appear not to be able to agree on the timing or degree of badly needed counter-inflationary measures.

Certainly, honourable senators, what is needed is a national declaration of purpose concerning our determination either to halt the rising tide of higher prices or to distribute their costs more effectively, just as we made what in effect was a national declaration of purpose concerning employment and the national sharing of costs of unemployment back in 1945. Certainly what is needed is more public discussion, more parliamentary study and debate of this inflationary problem, so that its dangers and inequities may be brought to the same high level of public consciousness as are those of recessions and unemployment.

Certainly what is needed is a greater awareness of the limitation *vis-à-vis* inflation control of our monetary policies, for the regulation of a nation's money supply is apparently no guarantee of price stability and steady economic growth. Certainly what is needed is a clarification of who is responsible for the so-called tight money policies about which we have heard so much, for, as I understand it, one of the duties of the Bank of Canada is to regulate currency and credit in accordance with the country's needs, unless of course Parliament changes the law and vests responsibility for currency and credit in the cabinet. Certainly what is needed is an understanding of whether monetary policies are not, in fact, blunt and relatively non-discriminatory instruments, whose effects are apparently unequally and inequitably distributed among the four regions—we have not a single Canada—but rather four economic regions—and among the various sectors of our Canadian economy. Certainly what is needed is faith in the continuing value of our currency, so that the average Canadian may continue and perhaps increase the present relatively high rate of savings to meet the prospective needs of an orderly development of our Canadian economy.

Certainly, too, Canadians will support whatever monetary, fiscal or other public measures are needed, if they understand the basic issues involved, and if they know that

their economic security is protected by sound unemployment and other social welfare plans and by the determination of their governments to combat recessions promptly.

Now, who is to give national leadership to this crusade against inflation? I regard this problem of inflation to be of such overriding and cardinal importance that I venture to suggest the need of either a special debate on this subject by honourable senators or the setting up of a special Senate committee to study inflation, a suggestion already advanced by the honourable Leader of the Opposition (Hon. Mr. Macdonald). I would go farther and suggest to the Government the desirability of a special joint committee of both Houses of Parliament on inflation.

Honourable senators, the Speech from the Throne mentions improvements made by the last Parliament in federal-provincial financial relations, which improvements are stated as having had:

> —a beneficial effect upon our economy by making it possible for provincial Governments and their municipalities to proceed with greater confidence upon expanded programs of necessary services and works.

These improvements undoubtedly refer to the unilateral and, may one call it, the temporary increase of the provincial share of personal income tax revenues from 10 to 13 per cent.

I am one who believes that the tax distribution formula involved in the basic agreements evolved in 1956 by the former Liberal Governments needs continuing study and revisions to meet new and changing circumstances, after joint consideration by federal and provincial authorities; and I believe that the 3 per cent increase by the last Parliament was a desirable improvement in view of the changed circumstances existing at that time. However, I do not believe that further changes will not be demanded or that they are not necessary. May I be permitted to guess that another federal-provincial conference in 1958 is a distinct possibility?

Furthermore, I believe that the basic general formula for these fiscal arrangements, evolved after the Dominion Provincial Conference of 1956 is sound, not only because it permits an option to provinces to use a certain adjudicated measure of their direct taxation rights themselves—or to rent them to the federal Government, thus avoiding double taxation problems—but because inherent in this general formula are the two key principles of equalization and stabilization. The Liberal Party believes that the time has now come when the more specific definition—and I am going to keep repeating the word "definition" often—of equalization should result in equalization payments up to the *per capita* tax return level of the most wealthy province. I am aware of press reports of statements by Government spokesmen that equal treatment would be accorded to all provinces, but the definitive application of the specific formula of equality could in fact bring relative inequality and sequential relative discrimination to the less prosperous, less highly industrialized provinces. I regard it as crucially important that the Government recognize the importance of making certain that the definition and specific application of the equalization principle not only bring no dilution or diminution of the present level of redistribution through equalization, but that it should revise it upward to the tax revenue yield of the three standard taxes—personal, corporation, succession duty—of the most prosperous of our provinces, at present the province of Ontario.

Before leaving this particular problem, it may be of interest to honourable senators to indicate that according to the one year only 13-9-50 formula which resulted from the present Government's legislation of the last session, the estimated Province of Manitoba yield of approximately $20.4 million from the three direct taxes, when divided by 860,000 people, gives a *per capita* yield of $23.78. Note how this compares to an estimated yield of the three standard taxes in Ontario of approximately $42.39 *per capita.* Present agreements, to bring special equalization payments up to approximately $41.50—the average of the two wealthiest provinces, the basis of the 1956 agreements— would bring Manitoba's equalization payments to approximately $15 million; and according to the new Liberal formula—equal to the yield of the wealthiest province—to $16 million. Note, please, the importance of the definition of equalization. Equalization to the average of four wealthiest provinces—and there has been a lot of talk about that particular definition—would decrease this payment to Manitoba to $10.8 million; and equalization to a national average would reduce this by an additional $3 million, that is, to approximately $7.5 million. So that to the people of Manitoba the definition of equalization means the difference that is anywhere from $7 million to more or less whatever the definition may be. Similar calculations could be made to show that the specific definition of equalization would have discriminatory effects upon equalization payments to Saskatchewan, Alberta, Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick and Quebec.

I am going to skip by the problem of stabilization, which involves a guarantee of a 95 per cent floor—and honourable senators know how important that is in a period of decreasing revenues during an economic

recession—and I would like to add just this, that it seemed important, honourable senators, to discuss this problem of federal-provincial fiscal relations in the context of the very definite need for a specific definition by the Government of the principles of equalization and stabilization. This specific definition the Government of Manitoba has apparently not been able to obtain. Why?

Honourable senators, I am unable to resist the temptation of trespassing upon your valuable time by saying something about the national development of our human resources. As I consider the various proposals concerning the Government's intentions which are directed to the accelerated and supposedly more vision-oriented plan of national development, it does appear that the majority of these projects have to do with what one may term the more material and more physical aspects of this development—a railroad, airports, airways, roads, bridges, harbours, houses and the like. Now, it may be that these more physical developmental projects rate an immediate and overriding priority, to which basic contention unfortunately I cannot wholly subscribe. For what is missing in the Speech from the Throne is some definite indication of what more the Government plans to do at the national level—and without infringing upon the constitutional responsibilities and competencies of the provinces—in the field of concerted, national-level action, for the national development of our human resources, and, specifically, for the training and educating of our Canadian youth so that they may more effectively participate in the new vision of Canada's increased economic development and industrialization.

May I quote the words of the honourable senator from Mille Isles (Hon. Mr. Monette):

(Translation):

The most imperative duty of governments is to watch over the physical and moral conservation of its human capital.

(Text):

With this statement I agree most heartily. Surely we do not need to be persuaded that a co-ordinated, vigorous, and concomitant safeguarding and development of our human resources potential must go hand in hand with the development of our physical and material capital; surely the small changes in the federal-provincial fiscal arrangements have not suddenly solved the problems that harass provincial and local authorities in this regard; and surely there is no need to document the pressing educational needs which do in fact exist and which urgently require further national level assistance, be this assistance direct or indirect.

Perhaps it would not be unfair to ask ourselves these questions concerning projected national level spending for 1958-59:

(1) What are the increases in the main estimates and the first of the supplementary estimates laid before Parliament?

(2) What are the probable increases in the sum total of projected expenditures, with supplementary estimates still to come and including capital or other expenditures involved in the legislation which is to be presented to Parliament?

(3) What is the probable sum total of anticipated deficit financing?

(4) How much more will be included in these startingly large increases for national interest and responsibility for education?

Senate *Hansard*, at pages 290 and 301, gave us returns of federal Government expenditures to March 31, 1957, that is, for one year, of approximately $42½ million for general educational purposes.

Unfortunately it is not possible to get the figures for the year ending March 31, 1958, so I went into the estimates and I found that there are changes in the levels of some of these expenditures over and above the normal changes we would expect from the growth of our population and the normal extension of services. There are changes in the estimates for Indian education, for vocational and technical schools, for research grants by the National Research Council and for National Research Council scholarships.

Some of these changes are significant and will be welcomed, and the Government is to be commended for these extensions. However, I venture to say that in the light of the purported all-out effort to further the national development of our physical and social asset resources, an equal and more equitable, because equally necessary, scale of national participation in the education of our invaluable human resources is to be commended to the attention of the present Government, in which area of national endeavour there appear to be no significant or binding commitments.

I would like to refer to the final report of the Gordon Royal Commission, especially to the chapter on the Role of Government, beginning around page 445 to page 455. It discusses the needs of our nation for trained manpower and research, it assesses our potential educational needs, it describes the key role of our colleges and universities, and it makes challenging statements, of which I shall quote three.

Referring to university enrolments, on page 449 the report has this to say:

The increases in numbers we anticipate are at a rate which will double enrolments and graduations in twelve years, and yet there is every reason

to believe that the economy will prove capable of absorbing the increased numbers without difficulty.

At page 450:

What is being suggested in essence is that a deliberate effort be made to raise the quality and standards of Canadian universities to among the highest prevailing anywhere in the world.

And at page 451:

Fees at the present or at higher levels must be supported by a combination of scholarships, bursaries and loan funds, and, to meet the needs of increasing numbers of students, funds for student assistance must be steadily augmented.

I should like to pause on this last statement to re-emphasize the contention that I have previously made in this chamber that we are urgently in need of further national assistance to safeguard for higher education and training very large numbers of intellectually capable and willing and hard-working Canadian boys and girls who at present are prevented from proceeding with studies at institutions of higher learning, mainly because of financial difficulties. This type of direct student assistance involves the minimum of constitutional competency difficulties, being merely a sequential and needed extension of the present involvement of the federal Government in scholarships through the Department of National Health and Welfare, the National Research Council and the Canada Council. Canada, honourable senators, does lag behind both the United States and the United Kingdom in the provision of scholarships to universities, and this national problem requires bold and vigorous action by private enterprise, and by Governments at the federal and provincial levels.

Let me summarize for you these simple and I believe pertinent facts which we must keep in mind:

(1) Twenty years ago about 4 per cent of our college-age group became students in the universities. We have made great strides since then, and in 1957-58 8.8 per cent of our college-age group were enrolled in our colleges and universities. We anticipate that this rate is going to increase some more, and within the next ten years it may be 14 or 15 per cent, as the present trend indicates. But this compares with over 30 per cent in the United States. Accordingly, in proportion to our respective populations, the United States graduates 2.5 times as many from universities as we do in Canada. In 1955-56, 311,295 students received degrees in the United States. Approximately 15,000 received degrees in Canada in 1957.

(2) We need to increase the inflow of students into universities, colleges and technical institutions. This need has been well documented by many validated studies. A committee of the National Conference of Canadian Universities estimated in 1955 that the accumulated shortage of university graduates would reach 190,000 within ten years, other things being equal.

(3) We estimate that 50 per cent of our intellectually capable and hard-working high school graduates do not go on to higher institutions of learning because of financial problems. We estimate that one out of every three very gifted students—students with I.Q.'s of 130 plus—does not go on to higher education.

(4) The United Kingdom now aids three-quarters of all students entering university. Australia provides national aid for one-half of all her university students. The United States provides financial aid to approximately 75 per cent of its university and college students, and just lately the National Education Association in the United States has asked the United States Government to set up a $200 million-a-year national scholarship program to help to bring in an additional 200,000 talented students who drop out and do not go on to college.

Now, what is the situation in Canada? Canada's total scholarships, bursaries and loans amount to around $10 million a year, roughly one-half of this sum for undergraduates, giving one scholarship to every four undergraduates. The scholarships average only $325 a year. Some 61 per cent of our graduate students received aid. The grand total for Canada is 18,000 students aided by scholarships from $25 up to $1,000 or more. You have to compare that with our 1957-58 enrolment, which was around 85,000.

(5) The next point in this series of facts: it is estimated by a survey of the Dominion Bureau of Statistics that last year it cost on the average—and that may be more or less—$1,215 for a student to attend university. Most universities are raising fees: McGill is raising its fees by 25 per cent; the University of Manitoba by 10 per cent. So the cost is going to go up. If the cost goes up and approaches $1,300, and if we assume that a student may by summer employment earn $500, he has to find another $800 to go to college. For a family to provide $800 or more for a student to go to college requires a certain level of income. How much annual income do we think a family should have in order to be able to give a boy or girl $800, $900 or $1,000 a year while he or she is attending university? A rough estimate by one of these studies indicated a family income of at least $5,000 a year would be necessary. While we do not quarrel with that figure, let us consider what the statistics show with respect to the number of Canadian families having an income of $5,000 or more. A

study carried out by the Dominion Bureau of Statistics in 1955 on non-farm family and individual incomes showed that 77.9 per cent of Canadian families and individuals ostensibly earn less than $5,000 a year.

In the light of this national need I must call attention to the fact that the Leader of the present Opposition in the House of Commons pledged his party to establish, in consultation with the provinces and the National Conference of Universities, a national scheme of 2,500 Canada scholarships and 7,500 Canada bursaries valued respectively at $1,000 and $500 annually. Because these scholarships and bursaries would be tenable for four years, the final total number of scholarships and bursaries would involve some 40,000 students. Our present university enrolment is 85,000, and it is growing more rapidly than we expected. We are now helping some 18,000 students. So, if we help another 40,000, by the time the scheme gets into operation, we would be giving assistance to approximately half our student enrolment. It is estimated that the final cost of this plan, after four years of operation and when the total load has become established, would be $25 million a year, and we could relate this sum to the increased federal expenditures at present envisaged. An additional and important part of this practical program involves the National Student Loan Fund from which university students would be able to borrow interest-free money to continue their education, with re-payment at 4 per cent interest to commence one year after graduation.

I commend this particular program to the attention of the Government of the day.

I notice that the Honourable Mr. Pearson is asking the House of Commons to consider a resolution which would bring into legislative being this national human resources development project of scholarships, bursaries and loans. I, for one, shall watch with great interest the acid test involved in the substantive and tactical treatment which will be accorded to this resolution by the present Government.

Honourable senators, I apologize for taking so much of your time, and I am grateful for the close attention you have given me.

On motion of Hon. Mr. Roebuck, debate adjourned.

DIVORCE

BILLS SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills.

Bill SD-1, for the relief of Valija Zvirgzds Kazaks.

Bill SD-2, for the relief of Joyce Florence Taylor Larman.

Bill SD-3, for the relief of Kathleen Margaret Coffin Barre.

Bill SD-4, for the relief of Freda Bernadette Godin Headland.

Bill SD-5, for the relief of Bruno Bedard.

Bill SD-6, for the relief of Stefania Sobol Wojtowicz.

Bill SD-7, for the relief of Elizabeth Antonie Hartmann Elstermann, otherwise known as Elizabeth Antonie Hartmann Von Elstermann.

Bill SD-8, for the relief of Ruth Ellen McMullin Gosnell.

Bill SD-9, for the relief of Beatrice Bellamy Drysdale Scott.

Bill SD-10, for the relief of John Ronald MacCuaig.

Bill SD-11, for the relief of Edith Ann Van Horne Beattie, otherwise known as Beverley Ann Van Horne Beattie.

Bill SD-12, for the relief of Constance Lilias Crawford Booth.

Bill SD-13, for the relief of Henry Krupa.

Bill SD-14, for the relief of Ferenc Tamas Kalman Laczko.

Motion agreed to and bills read second time, on division.

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

Hon. Mr. Roebuck: Next sitting.

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 31 to 67, which were presented yesterday.

Hon. Mr. Roebuck moved that the reports be adopted.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, I had expected that a Supply Bill would reach us from the other place for first reading here today, but I have just now received a note saying that sufficient progress has not been made for that to happen. As it is unlikely that the bill will reach us before tomorrow, I have no alternative but to move, seconded by honourable Senator Quinn, that the Senate do now adjourn.

Hon. Mr. Macdonald: Did I understand the honourable leader to say that the Supply Bill will not come before us today, but is expected to reach us tomorrow?

Hon. Mr. Aseltine: I expect it to be here for consideration tomorrow afternoon.

Hon. Mr. Macdonald: Has the leader any idea when it is desired to give the bill the royal assent?

Hon. Mr. Aseltine: The desire is to give it the royal assent at 5.45 tomorrow afternoon. If the bill has not been passed by that time, the Senate will probably have to sit on Friday.

Hon. Mr. Reid: Is that for more supplementary estimates?

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 5, 1958

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

Prayers.

Routine proceedings.

APPROPRIATION BILL No. 3, 1958

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-22, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1959.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: With leave of the Senate, I move the second reading now.

Honourable senators, before dealing with Bill C-22 I should like to refer to section 4 of Appropriation Bill No. 2, the last supply bill, with respect to which section the Honourable the Leader of the Opposition (Hon. Mr. Macdonald) made certain inquiries as to the necessity for it. I have before me a memorandum which is of considerable length. Would the honourable gentleman be satisfied if I filed the memorandum, or does he wish me to deal with the matter now?

Hon. Mr. Macdonald: Some other honourable senators may be interested in an explanation of the clause and might like to hear what the honourable leader has to say. For my part, I would like to hear it.

Hon. Mr. Aseltine: Then I will go ahead with my explanation of that matter now.

I wish to refer honourable senators to section 30 (1) of the Financial Administration Act, which reads:

> No contract providing for the payment of any money by Her Majesty shall be entered into or have any force or effect unless the Comptroller certifies that there is a sufficient unencumbered balance available out of an appropriation or out of an item included in estimates before the House of Commons to discharge any commitments under such contract that would, under the provisions thereof, come in course of payment during the fiscal year in which the contract was entered into.

With that must be read subsection (5) of section 31, which provides:

> (5) Where the Comptroller
> (a) declines to make a payment,
> (b) disallows an item in an account, or
> (c) refuses to give a certificate required by this act,
>
> the appropriate Minister of the department concerned may report the circumstances to the Treasury Board for its decision, and the Board may confirm or overrule the action of the Comptroller and give such directions as are necessary to carry out its decision.

These are the two sections which deal with this matter. In the period April 1 to May 12, 1958 the many thousands of contracts which had to be entered into to keep both construction and operating programs proceeding at a normal rate were entered into without the usual Comptroller's certificate under section 30(1), which I have just mentioned, but with the approval of the Treasury Board as required in such circumstances under section 31(5). In addition, while it had not been possible to table the estimates, all the contracts which were entered into during this period fall within the terms and amounts of the estimates which were later tabled on May 13.

The Financial Administration Act in its present form does not specifically provide for a situation wherein estimates cannot be presented to Parliament before the first day of April. While it was possible to operate within the strict terms of the law during this period, it was nevertheless considered desirable by the Government to draw Parliament's attention to the unusual course of action which had to be taken during this period. For this reason a special section was included in the interim supply bill which was considered by Parliament three weeks ago. That section reads as follows:

> 4. Contracts entered into, after the 31st day of March, 1958, but before the 13th day of May, 1958,

That is the period during which no estimates had been brought before Parliament—

> for any of the purposes specified in any of the items set forth in those estimates are hereby ratified and confirmed.

That, honourable senators, is my explanation for the insertion in the bill which we passed some three weeks' ago of the clause having to do with contracts made between those dates.

In dealing now with Bill C-22, I would like to refer honourable senators particularly to sections 2, 3, 4, 5, 6, 7 and 8. The total amount now asked for is $624,592,837.43, made up as follows.

Section 2 of the bill provides for one-sixth of all the items to be voted in the main estimates for the fiscal year 1958-59 except three votes which were authorized in the supply bill I have just mentioned. I refer

to Votes 439, 443 and 502 for which eleven-twelfths had already been provided in the previous interim supply bill. One-sixth of all these items amounts to $601,131,574.17.

Section 3 of the bill provides for an additional seven-twelfths of Votes 106 and 108, which appear in the schedule to the bill. The total amount here provided is $408,333.34.

Section 4 provides for one-sixth of Votes 144, 182, 185 and 186, the total amount being $713,336.50.

Section 5 provides for an additional one-twelfth of Votes 10, 70, 111, 152, 197, 198, 199, 201, 203, 207, 211, 212, 291 and 303, amounting to $2,849,749.75.

The additional amounts are in addition to the one-sixth. As an example, I might say with regard to Votes 106 and 108 in Schedule A, that if this bill is passed we shall have authority to use eleven-twelfths of the total estimate for the purposes for which they are granted. We authorized two-twelfths, that is, one-sixth, in the last supply bill. The present supply bill authorizes another one-sixth, or two-twelfths, plus seven-twelfths. These total eleven-twelfths. There remains one-twelfth for consideration at a later date, if anyone wishes to debate the matter.

Next I go to the supplementary estimates, which were tabled three days ago, and amount to some $85 million. Section 6 of the bill provides one-sixth of all of the items to be voted in the supplementary estimate for the fiscal year 1958-59, the amount here being $14,287,343.67.

Section 7 provides for an additional three-quarters—that is, in addition to the one-sixth —of votes 545, 546, 547 and 627. This amounts to $5,002,500.

Section 8 provides for an additional one-third of vote 635, namely, $200,000.

The total of all these items is $624,592,837.43.

I would like to say further that the proportions requested in this bill are intended to provide for all necessary requirements of the public service during the months of June and July. The earlier bill made provision for money to pay for necessary requirements of the public service for the months of April and May. In no instance is the total amount of any item being released by this bill.

Honourable senators, as I stated when I introduced the previous supply bill, the passing of this bill will not prejudice the rights and privileges of honourable senators to criticize any item in the estimates when they come up for consideration.

Hon. Mr. Reid: That is, if we have time to do so.

Hon. Mr. Aseltine: The usual undertaking is given that such rights and privileges of members will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Honourable senators, subject to the answering of any questions that may be asked, that is my explanation of this bill.

Hon. W. Ross Macdonald: Honourable senators, in the first instance, I wish to thank the Leader of the Government (Hon. Mr. Aseltine) for giving us an explanation of the reason for inserting clause 4 in the appropriation bill which was passed by this house on May 15. It will be recalled that in that bill there was a clause which I will say legalized certain contracts that had been entered into between the 31st of March and the 13th of May of this year. That clause had not appeared in a prior appropriation bill since 1926, and a number of senators were concerned about the reason for it. Why were we expressing our approval of these particular contracts when we had not expressed approval of any other contracts?

The Leader of the Government has given an explanation today. I have not seen the document from which he read but I am glad he did read it. I gather from what he said that according to section 30, subsection (1), of the Financial Administration Act the Government cannot enter into any contract for which funds have not been provided or have not been included in the estimates tabled. The estimates were not tabled before the 13th of May because Parliament did not meet until the 12th of May. I realize that the business of the country had to go on between the 31st of March and the 13th of May. Honourable senators will recall that the estimates for the year 1957-58 had been tabled during the life of the previous Parliament—they had been tabled by the former administration, so after the 31st of March the Government could not, within the section of the act which the honourable gentleman has read, enter into contracts. But the Leader of the Government read section 31(5), which gives the Treasury Board certain powers. Well, the Treasury Board exercised these powers and if it was within their right to do so it was legally competent for them to do so. Why then did they have this clause inserted in the bill?

Hon. Mr. Roebuck: It was not within their right.

Hon. Mr. Macdonald: My honourable friend the Leader of the Government says it was, but probably some law officers of the Government are of the same opinion as the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I think they must have questioned the procedure. Now the honourable Leader of the Government has said that the clause was inserted in the bill to direct

Parliament's attention to this unusual procedure. But if the procedure was legal and merely unusual it was not necessary to put the clause in the bill. Did it make it more unusual to insert in the bill authorization for something that has been done legally? Did they want to make the procedure more unusual than it even was?

The clause to which the honourable senator referred was either good or not good. I do not think we in this house should be asked to confirm something that had been done legally, confirm it by a statute, because once the bill is passed it becomes a statute of Parliament. It was a most unusual proceeding. I agree with the Leader of the Government that the payment in the first place was unusual, and I think he will agree with me that the procedure of inserting authorization for it in a bill and making it part of a statute of Canada was very unusual.

Now, honourable senators, I come to the bill which is before us. Let me say first that I am a little disappointed in it. It may be recalled that I complimented the Government on the form of the previous supply bill, which was passed here on May 15. In that bill the Government presented the expenditures very concisely in one clause of 27 lines, and anyone looking at that one clause got a clear idea of what the expenditures were. I complimented the Government upon presenting such an excellent bill. But what do I find today? Apparently the Government does not appreciate compliments from the Leader of the Opposition in the Senate. I suppose if I had not said anything about it this bill would have come to us in the very excellent form of the previous bill. But the Government has reverted to the habit of setting forth the payments in separate clauses, so that the information given by one clause in the previous bill is now spread out in seven clauses which take up a part of three pages of the bill before us. Well, I again compliment the Government upon what it did in the first instance.

Hon. Mr. Brunt: Why not criticize it? Then it might change back to the previous form.

Hon. Mr. Macdonald: As the honourable senator says, if I criticize the Government it might change back. But I am not quite as inconsistent as that, and I do hope it will revert to the previous form.

Hon. Mr. Aseltine: Would the Honourable the Leader of the Opposition allow me to interject? I completely overlooked the compliment which he expressed when speaking on the previous bill, but after hearing him today I will see to it at once that his remarks are drawn to the attention of the minister. I have an opinion along the same line as my honourable friend's remarks and at least partially agree with them.

Hon. Mr. Euler: Don't they ever read the Senate *Hansard*?

Hon. Mr. Brunt: They haven't the time.

Hon. Mr. Macdonald: Honourable senators, this is a usual interim supply bill. Of course a supply bill is far from a routine or formal measure: it is one of the most important bills that come before this house. The present bill seeks approval of the expenditure of a very large sum of money, in the amount of $624,592,837.43. It is not the amount that I am referring to at the present time, however, but the responsibility we take in passing bills of this kind. If this bill were not passed by Parliament the Government would have no money to spend, notwithstanding section 31(5) of the Financial Administration Act on which the Government relied between March 31 and May 13. Therefore, we should not pass this measure just as a mere formality. Of course the Government must have money to carry on the business of the country, and we are not opposed to giving it money for that purpose. But I would remind the Government that it receives this money only because Parliament votes it, and the Government cannot spend it as a matter of right. In fact, in my opinion, the only time when the Government has a right to spend money which has not been voted by Parliament is under the unusual circumstances of a period between dissolution and a general election, when money may be obtained by Governor General's warrants, and I do not think that expediency should be taken advantage of until it is absolutely necessary.

The Senate, as one of the houses of Parliament, is now being asked to give the Government money enough to carry on the business of the country for the next two months. But if honourable senators will note the title of this bill they will see that it reads:

> An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1959.

Through this bill we are asked to grant to Her Majesty the sum of more than $624 million, and if I read correctly the statements which have appeared in the newspapers we do not have this money—that is, unless the Government borrows it. We are now proposing magnanimously to grant this huge sum which can only be obtained through loans. Why do I say that? I find that in April last the Government did not have enough money to carry on the business of the country by $10,700,000, not including the

deficit in the Old Age Pension account. So we did not collect enough money to pay our bills.

Honourable senators, this Government seems to be very much interested in establishing records. It established a wonderful record when on election day it had elected more members than any previous administration, and recorded a greater number of votes in each constituency, and got greater majorities. Now it is keeping on making records with record expenditures and record deficiencies. How far can this go?

Hon. Mr. Quinn: You are still asking for more.

Hon. Mr. Macdonald: No, you are asking for more.

Hon. Mr. Quinn: I mean your members in the other place are asking for more.

Hon. Mr. Macdonald: If my friend has listened to the debates that have taken place in this house he will know that we are very much concerned about the excess of expenditures over receipts. Indeed, we would be very much more interested in the Government setting a record in excess of receipts over expenditures. I say we cannot continue with these record deficits. For instance, the Canadian National Railways has a deficit of $29,600,000.

Hon. Mr. Euler: $55 million.

Hon. Mr. Macdonald: The reported deficit for the C.N.R. is $29,600,000, which is the first deficit it has had in four years.

Hon. Mr. Croll: That was a week ago. Since then it has reached $55 million.

Hon. Mr. Brunt: No, that is the estimate for next year.

Hon. Macdonald: I am reading from a Canadian Press dispatch, a source which I find reliable, which says that as of May 22 the deficit was $29,600,000. Apparently it has now reached $55 million. That probably was what it was yesterday—I don't know what it is today. It seemed to me to be bad enough on May 22.

Honourable senators, I am very serious about this. How long can such deficits continue? How long shall we be content to go along without paying our way? We do not have a budget. A budget will be brought down this session, but in the meantime we do not know what the state of the financial health of the country is. We only know that it is not good, and that it cannot remain unhealthy forever. If one of us finds that his health is not good he can't just go on and forget about it; he has to stop and do something to improve it. So it is with the country.

Hon. Mr. Quinn: Would you say the country to the south of us is any better off?

Hon. Mr. Macdonald: I am not comparing Canada with the country to the south at the moment.

Hon. Mr. Quinn: Or any other country in the world.

Hon. Mr. Macdonald: I am only judging Canada. Let me remind my honourable friend from Bedford-Halifax (Hon. Mr. Quinn) that the former administration left this country with the soundest and healthiest economy of any country in the world. I am anxious that the present Government should see to it that our economy is not weakened, but is maintained.

My remarks today are made not so much by way of criticism as by way of warning; but if the present practice continues my remarks will become very critical. I have no hesitancy in telling the Government that though these exependitures happen to be popular—that is, popular for the moment—they are not sound, and any policy which is not sound cannot be popular for ever. An accounting has to be made sooner or later.

I say this to my honourable friend from Bedford-Halifax: my wish is that this Government will go out of office leaving the country with as sound an economy as it had when the Government came into office.

Hon. Mr. Reid: May I ask the Leader of the Government a question? Why are there two items, Nos. 111 and 545, both to provide for the purchase of wheat and flour for India, Pakistan and Ceylon, one for $10 million and the other for $3 million? Why should there be two such items for the same purpose?

Hon. Mr. Brunt: In what schedules do they appear?

Hon. Mr. Reid: Vote 111 is in Schedule C, on page 6, and Vote 545 in Schedule D, on page 8.

Hon. Mr. Aseltine: My information is that Vote 111 for $10 million is to pay for the delivery of wheat and flour from Canadian supplies, and has not been completed.

Hon. Mr. Reid: Both are to relieve food shortages. That is what drew my attention to them.

Hon. Mr. Aseltine: If the honourable senator will read the estimates carefully he will

see that Vote 545 is for a further amount for the same purpose, to pay for deliveries of wheat and flour by Canadian suppliers to be completed shortly.

Hon. Mr. Power: For the expenditure which is supposed to be completed you are asking for one-twelfth; for the other one you are asking for three-fourths.

Hon. Mr. Connolly (Ottawa West): Vote 111 is in the main estimates and Vote 545 is in the supplementaries. Probably that is why the items are separated.

Hon. Mr. Power: But why do we ask for three-fourths of the item which is in the supplementaries, and which presumably as yet we have not expended, and only one-twelfth of the item in the main estimates, which presumably we have expended?

Hon. Mr. Crerar: The items we are discussing are No. 111, which amounts to $10 million, and Nos. 545 and 546, totalling $4,500,000, making in all $14½ million. I should like to ask the honourable Leader of the Government (Hon. Mr. Aseltine) if these sums are in addition to the funds voted by Parliament under the Colombo Plan, or does the money come out of the grant under that plan?

Hon. Mr. Aseltine: My information is that these have nothing at all to do with the Colombo Plan.

Hon. Mr. Crerar: Then they are in addition to the Colombo Plan vote?

Hon. Mr. Aseltine: I may be wrong, but that is the way I look at it.

Hon. Mr. Crerar: That is understandable. But we hear some talk these days of the Government taking credit to itself for having expanded the sale of wheat. Only the other day I read a newspaper report, originating with the Minister of Trade and Commerce, that under the excellent administration of the present Government wheat exports were going up and our wheat surplus was going down,—which rejoices the heart of everyone. But I think it is well to bear in mind that at least the $15 million paid for these exports comes from the pockets of Canadian taxpayers, and probably I should not be very far astray if I predicted that we shall have some repetition in future of items of this kind.

Hon. Mr. Aseltine: I would say to the honourable senator, in that connection, that in the speech I made last Tuesday I referred to our satisfactory position with regard to exports, and that the figures I gave in that relation did not include the cost of these gifts of wheat.

Hon. Mr. Crerar: I was not referring to the remarks made by the honourable Leader of the Government; I was alluding to a statement conveyed to the public by the minister through the newspapers.

Hon. Mr. Macdonald: The honourable senator from Gulf (Hon. Mr. Power) referred to certain items of expenditure for which three-fourths are asked at this time, to provide for the purchase of wheat and flour to be given to India, Pakistan and Ceylon, and of flour to be given to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, as well as for a contribution to the 1958 Fellowship Fund of the International Atomic Energy Agency. I understand that three-fourths of these items will be spent within the next two months, and for that reason three-fourths are asked for now. In respect of most of the items in the estimates the payment is made in fairly equal amounts spread over the whole year, from month to month. For them, there are just two-sixths required, but on account of the fact that a large proportion of the expenditure on the special items I mentioned will be made in the next two months, it is necessary to have three-fourths included in this bill.

Hon. Mr. Reid: That does not answer the question.

Hon. Mr. Power: The honourable Leader of the Opposition is acting as Leader of the Government. I would like to know whether Items 111 and 545 refer to the same project, that is the supply of food to relieve shortages in India, Pakistan and Ceylon. That question was originally asked by the honourable senator from New Westminster (Hon. Mr. Reid).

Hon. Mr. Macdonald: I will let the honourable Leader of the Government answer that one.

Hon. Mr. Aseltine: The answer to that question was given, I understand, by the honourable senator from Ottawa West (Hon. Mr. Connolly).

Hon. Mr. Power: No; he said that one item was in the main estimates and the other in the supplementary estimates,—which is a very logical and reasonable conclusion for him to draw on the basis of the very slight element of information which has been given by the Government. I am now asking if both items are for the same project.

Hon. Mr. Aseltine: I have some information for the honourable senator; I do not know whether it will satisfy him or not. Vote 545 is supplementary to Vote 111. That is understood.

Hon. Mr. Power: I learned that from the honourable senator from Ottawa West. He gave me that information.

Hon. Mr. Aseltine: The total program of assistance was $25 million, of which $15 million was made available in the year 1957-58; the remaining $10 million was to be included in the main estimates of 1958-59. Later, when it became apparent that only $12 million of the $15 million which had been allocated had been spent in the fiscal year 1957-58, the $3 million which lapsed in 1957-58 was reinserted in the supplementary estimates for 1958-59.

Hon. Mr. Euler: It is $10 million plus $3 million, making $13 million, is that right?

Hon. Mr. Brunt: Right, and we spent $12 million out of the $25 million.

Hon. Mr. Power: I see a glimmer of information but I am not quite sure that I understand it as yet. Am I to take it that the $3 million in Vote 545 is a holdover, so to speak, from the estimates of 1957-58?

Hon. Mr. Brunt: That is right.

Hon. Mr. Power: Which was not expended, and we are now asked to vote three-quarters of that amount?

Hon. Mr. Brunt: That is right. It works out very simply. The original program called for $25 million, and $15 million was made available in the year 1957-58. However, only $12 million was spent, so they bring $3 million of that amount into this one estimate here, and the remaining $10 million which was left over from the $25 million was to be included in the main estimates.

Hon. Mr. Macdonald: But do we know whether that amount is part of the grant under the Colombo plan?

Hon. Mr. Aseltine: I will furnish honourable senators with that information later.

Hon. Mr. Burchill: Has the Leader of the Government any information with respect to Item 627, the loss incurred by the Canadian Wheat Board on its sale of oats?

Hon. Mr. Aseltine: I do not understand what the honourable senator wants to know.

Hon. Mr. Croll: He wants to know if the money is lost for ever.

Hon. Mr. Burchill: Does this loss on the sale of oats mean that the Canadian Wheat Board paid more for the oats than it got for them?

Hon. Mr. Brunt: Exactly.

Hon. Mr. Aseltine: That is correct. There was no market for the oats and the board had to pay storage, and they eventually had to take a loss on them.

Hon. Mr. Power: May I ask the honourable Leader of the Government another question? In the very lucid explanation which he gave with respect to the insertion of clause 4 in the previous appropriation bill, he stated that it was within the authority of the Treasury Board to overrule, under section 31 of the Financial Administration Act, the Comptroller of the Treasury in case he refused to give a certificate that the funds were available, or words to that effect. Now, may I ask if in fact the Comptroller of the Treasury did refuse to give a certificate and, if so, in what language was that refusal couched?

Hon. Mr. Aseltine: I have not got that information for my honourable friend.

Hon. Mr. Power: Could the honourable leader get that information and the documents, if any, relating to those particular transactions?

Hon. Mr. Aseltine: That really had nothing to do with the present bill. I was just trying to satisfy the Honourable the Leader of the Opposition (Hon. Mr. Macdonald) with regard to the bill we passed three weeks ago.

Hon. Mr. Power: At that time the Honourable the Leader of the Opposition was speaking for all of us. He was not speaking for all of us a moment ago. I think we are all entitled to the information I have requested, if it is available. Just what procedure was followed by the Comptroller of the Treasury in this somewhat unusual circumstance? I think the house is entitled to find out just what was done and how his protest, if he did make a protest, or his refusal to give a certificate, was handled, and in what language it was made.

Hon. Mr. Macdonald: I think I can say that the honourable senator from Gulf (Hon. Mr. Power) is now speaking on behalf of the whole Opposition.

Hon. Mr. Aseltine: In the first place, there were no estimates during that period, and in the second place there was no money or very little money left over from the one-sixth or whatever the proportion was that was voted in January.

Hon. Mr. Power: I fully understand that.

Hon. Mr. Aseltine: And when they couldn't get a certificate from the Comptroller the Treasury Board authorized the expenditure to be made.

Hon. Mr. Power: My inquiry is simply directed to ascertain what steps were taken by the Comptroller of the Treasury under these peculiar circumstances. We are entitled to know what constitutional procedure was followed. It was something which had not happened before, to the best of my historical knowledge—perhaps that is not very great—for over 300 years. It has been 300 years since the Crown has been able to appropriate moneys of the people of Canada or of any British country without having to appeal to the people and without having such moneys voted by Parliament. So if there is a new procedure, we want to know what it is. The last man who did this lost his head.

Hon. Mr. Aseltine: I think the same procedure was followed in 1926.

Hon. Mr. Macdonald: The Honourable the Leader of the Government says the same procedure was followed in 1926?

Hon. Mr. Aseltine: That was my information.

Hon. Mr. Macdonald: Why was it followed in 1926? We can't go back to 1926, but the honourable gentleman from Gulf (Hon. Mr. Power) has asked a question with respect to this unusual procedure, and I think we are entitled to an answer. I can understand that the Leader of the Government may not have the information today. I do not want to hold up this bill now, but I feel that before the next appropriation bill comes down the Leader of the Government should obtain this information. It took a month for us to get information respecting clause 4 which was inserted in the last appropriation bill, and I think the house is entitled to the information now requested by the honourable gentleman from Gulf. As far as I am concerned, I certainly reserve the right to bring forth this matter again when the next appropriation bill is before us, and at that time I will expect an answer.

Hon. Mr. Aseltine: I am sorry that I cannot give any further information at the present time, and I will do my best to satisfy honourable members opposite as soon as possible.

Hon. Mr. McDonald: I wonder if the Honourable the Leader of the Government could give us a statement now as to the financial standing of the country at the end of the fiscal year 1957-58. It would seem that before we pass these or any other estimates we should have a knowledge of what the financial standing of the country was at the end of the last fiscal year. I certainly think all honourable senators would welcome that information.

Hon. Mr. Aseltine: It is impossible to give it now. It will be disclosed when the budget is brought down.

Hon. Mr. McDonald: Could the Honourable the Leader of the Government tell us when that will be?

Hon. Mr. Aseltine: I would like to say to my honourable friend that if I knew I would be very glad to give him the information, but I do not happen to know.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Aseltine: With leave of the Senate, I move the third reading now.

Hon. Mr. Macdonald: Agreed.

Motion agreed to, bill read third time and passed.

CANADA AGRICULTURAL PRODUCTS STANDARDS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-17, to amend the Canada Agricultural Products Standard Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
Ottawa

June 5, 1958.

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 5th June, at 5.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,

J. F. Delaute,
Secretary to the Governor General,
(Administrative).

The Honourable
The Speaker of the Senate,
Ottawa.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck presented reports of the Standing Committee on Divorce Nos. 68 to 81, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

NOVA SCOTIA

SHARE OF INCOME TAX COLLECTED FROM CERTAIN CORPORATIONS—NOTICE OF INQUIRY STANDS

On the notice by Hon. Mr. Robertson:

That he will inquire of the Government:—

(1) What was the amount paid to the Province of Nova Scotia for the fiscal year ending March 31, 1958 of a share of income tax collected from corporations whose main business is the distribution to, or generation for distribution to the public of electrical energy, gas or steam (Chap. 49 Statutes of 1952)?

(2) What year's income tax collections was used as the basis for determining the amount of the payment?

(3) How was the amount of the above payment determined?

(4) What were the names of the corporations from which the above income tax was collected?

(5) As a consideration of the payment to the Province of Nova Scotia of a share of the income taxes collected from these corporations, is the province required to refund such amounts to the corporations concerned in order to reduce their charges to their customers?

Hon. Mr. Aseltine: Honourable senators, with regard to this inquiry by the honourable senator from Shelburne (Hon. Mr. Robertson), dated June 3, I may say that I have applied for the information and hope to obtain it by Tuesday next.

The Hon. the Speaker: The inquiry stands.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, seconded by the Honourable Senator Quinn, that when the Senate adjourns today it stand adjourned until Tuesday next, the 10th day of June 1958, at 8 o'clock in the evening.

Motion agreed to.

PRIVATE BILLS

PROTECTIVE ASSOCIATION OF CANADA—THIRD READING

Hon. Charles B. Howard moved the third reading of Bill S-2, respecting The Protective Association of Canada.

Motion agreed to, bill read third time and passed.

MERCANTILE AND GENERAL REINSURANCE COMPANY OF CANADA LIMITED—THIRD READING

Hon. William R. Brunt moved the third reading of Bill S-3, respecting The Mercantile and General Reinsurance Company of Canada Limited.

Hon. Wishart McL. Robertson: Honourable senators, I have no opposition whatever to this bill, but an observation made by its sponsor (Hon. Mr. Brunt) on second reading escaped my attention until I read it in *Hansard*, and I should like to refer briefly to it.

Honourable senators will recall that the bill, which is a very simple one and was very clearly explained by the honourable senator, seeks to increase the capital of the company from $1 million to $5 million, so that it will have additional capital available to cover losses and business expansion. A relatively small number of shares is held by the directors under the provisions of the Canadian and British Insurance Companies Act, and the ownership of the remaining issued shares is entirely in the hands of the parent company, the Mercantile and General Reinsurance Company of England. And the closing paragraph of the explanation given by my honourable friend served very definite notice about the intention in respect to future investment in this company. He said, as reported on page 111 of *Hansard*:

According to the present intention of both the parent company and the Canadian subsidiary company, none of the additional capital stock will be offered for sale to the general public. It is the intention that the parent company in England will take up any additional stock that is offered from time to time.

In the light of some criticism which has been expressed from time to time in certain quarters with respect to the policy of external capital in Canada, involving the total ownership by parent companies abroad of Canadian subsidiary companies, and the failure to give to Canadians an opportunity to invest in these subsidiaries, would my honourable friend like to make any comment on that phase in respect to the bill which he has sponsored?

Hon. Mr. Brunt: Honourable senators, there is no comment I can make. I simply stated a fact that was given to me by the sponsors of the bill, who said that that was their present intention. They may change their policy in the future, but there is nothing that I can do to bring about a change. The company determines its own policy, and its present policy is that the parent company in England will take up the shares of the Canadian company as offered.

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

DIVORCE

BILLS—THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third readings of the following bills:

Bill SD-1, for the relief of Valija Zvirgzds Kazaks.

Bill SD-2, for the relief of Joyce Florence Taylor Larman.

Bill SD-3, for the relief of Kathleen Margaret Coffin Barre.

Bill SD-4, for the relief of Freda Bernadette Godin Headland.

Bill SD-5, for the relief of Bruno Bedard.

Bill SD-6, for the relief of Stefania Sobol Wojtowicz.

Bill SD-7, for the relief of Elizabeth Antonie Hartmann Elstermann, otherwise known as Elizabeth Antonie Hartmann Von Elstermann.

Bill SD-8, for the relief of Ruth Ellen McMullin Gosnell.

Bill SD-9, for the relief of Beatrice Bellamy Drysdale Scott.

Bill SD-10, for the relief of John Ronald MacCuaig.

Bill SD-11, for the relief of Edith Ann Van Horne Beattie, otherwise known as Beverley Ann Van Horne Beattie.

Bill SD-12, for the relief of Constance Lilias Crawford Booth.

Bill SD-13, for the relief of Henry Krupa.

Bill SD-14, for the relief of Ferenc Tamas Kalman Laczko.

Motion agreed to, and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. Arthur W. Roebuck: Honourable senators, the order for resuming the debate stands in my name, but I am going to ask a slight indulgence. I understand that the honourable senator from Blaine Lake (Hon. Mr. Horner) has certain engagements which make it convenient for him to address the house at the present moment, and if I may be permitted I would like to yield the floor to my honourable friend, on the understanding that I will adjourn the debate at the close of his speech.

Hon. Senators: Agreed.

Hon. R. B. Horner: Honourable senators, I know that honourable senators would be disappointed if I did not have something to say on the Address in reply to the Speech from the Throne.

First of all, I wish to join other honourable senators in congratulating Your Honour on being reappointed as Speaker of this chamber. I am sure we are all delighted.

I wish also to congratulate the mover and the seconder of the Address. In fact I wish to congratulate all those who have taken part in the debate. I would mention particularly the honourable senator from Ottawa East (Hon. Mr. Choquette), who I thought did a remarkable job. I also wish to offer special congratulations to the Leader of the Opposition (Hon. Mr. Macdonald), and to thank him for the very kind remarks he made regarding the election of my sons to the House of Commons.

Hon. Mr. Macdonald: Well merited.

Hon. Mr. Horner: It is not going to be any political speech that I am going to make on this occassion. "My cup runneth over", as everything that I could wish for along political lines has been granted to me.

However, honourable senators, there are a few remarks that I wish to make, not for the benefit of any political party but for the benefit of the people of Canada as a whole. I wish to extend my sympathy to the honourable senator from St. John's (Hon. Mr. Baird).

Hon. Mr. Baird: It may be misplaced.

Hon. Mr. Horner: I can well sympathize with some of the ideas that he expressed, because we grew up in the school in which a person saved money to become wealthy, but today that principle is just as out of date as the ox is in comparison with the automobile. The idea prevailing today is that we must spend and spend and spend to get rich. Going along with that idea, the honourable senator might follow a suggestion of mine that he pick up a Rolls Royce car and take me and some other gentlemen on a tour of Canada, including the Peace River country, and everywhere we went we would spend and spend, and everybody would be enriched.

Henry Ford was the first man to come along with some new ideas about spending, and I remember a lot of people were amazed at them. Up until his day fathers taught their sons to save, they got them a little bank, and later opened a bank account for them and encouraged them to save and hold on to their money. But Henry Ford said he did not want to teach his sons to save money, he wanted them taught how to invest it wisely, and that was a departure from the usual procedure.

Now, honourable senators, let us just stop and think of the chaos that has taken place

in many countries of the world resulting largely from inflation and money conditions. And then let us compare the conditions in Canada, with its total wealth, its *per capita* wealth, its rich resources, the numberless opportunities to make a living, and considering all these advantages we can only conclude that we in Canada have nothing to fear. As the late President Roosevelt said, "We have nothing to fear but fear". However, the greatest misfortune, the greatest calamity, that can befall Canada is to bring about the ruin of our young men and women by sowing false ideas of economy in their minds. But, as long as they are willing to work and our homes are kept intact, we have nothing to fear.

Some remarks were made this afternoon by the Leader of the Opposition about a balanced budget. But let me point out that during part of the time he was talking about we had a terrible war. Thank God, Canada was not devastated in any way, but it was as a result of that war and as an aftermath of it that we had the prosperity that the Liberals brought to Canada. I certainly would not wish another such catastrophe for the people of the world in order to make prosperity in this country under the Conservatives and leave a balanced budget.

I do not wish to make a political issue out of it, but to keep the record straight, and for the good of the people of the country as I see it, let me say that during part of time the Leader of the Opposition spoke about we had as Prime Minister—I hesitate to say this—a man whose thought was not so much of Canada and Canadian families particularly, as that he was running a race with one Walpole of England; he wanted to extend his term of office as Prime Minister beyond that of this English statesman.

Hon. Mr. Macdonald: You got very good administration during all his period of office.

Hon. Mr. Horner: You have that opinion, but I haven't.

We hear some talk today about certain differences or unpleasantries between Canada and the United States. But these are just in the minds of some of the press. After all, we are one family. I have done some trading myself, and I never liked to trade with a man when I had to trade for him as well as for myself. I liked to trade with a man who could stand up and take his own part, and when I did not have to consider whether I was getting the better of him or not. I like to see a man able to take care of himself. That is all Canada is trying to do in her relations with the United States at the present time. There is the best of good will between the countries, and I hope it will continue.

Further, I think we should never forget that we got immense sums of money under the Marshall Aid plan—and this helped to keep a balanced budget—when the Americans put up billions of dollars to build up devastated Europe. We should be quite grateful for that help.

Hon. Mr. Euler: May I interrupt my friend? I hope he is not giving the impression that Canada received any of the Marshall Aid money directly.

Hon. Mr. Horner: Not directly, no, but we sold hundreds of millions of bushels of wheat under it.

Hon. Mr. Euler: We got nothing directly.

Hon. Mr. Horner: No, I did not intend to say that.

I should like to touch on another matter, now that we are starting the summer season. Perhaps honourable senators read in the press, as I did, that different countries, such as Poland, France, and perhaps Germany, are setting up full-time agents and offices in this country to secure tourists and travellers to their countries. A great many Canadians are spending a lot of money travelling abroad including, I believe, many Canadians who have seen but a small part of their own country. The number of tourists coming from the United States to Canada has been falling off at an alarming rate, while the money being spent by Canadians outside the country has increased rapidly.

I think it was in the *Globe and Mail* I read an article criticizing the restaurants in Canada. On former occasions I have done the same thing: I have complained that our people for the most part do not go all out to welcome American tourists to Canada, and possibly do not make enough effort to serve the type of meals these folks like to have when they are travelling. The same criticism applies to accommodation. In my experience prices are higher here than in the States. I would like to see every Canadian an ambassador who would make a point of going out of his way to extend the hand of friendship to tourists, no matter what country they come from. After all, we have a great country to show them: we have many beautiful lakes, abundant fishing and a really great country generally. In the West we have the Rockies, Banff and Jasper National parks, and in the Maritimes we have other beautiful parks. I think we must make a greater effort to welcome visitors.

I am told that the Chateau Laurier has one of the finest dining rooms in the world, and that American tourists would love to go there but for the difficulty in getting to the

hotel. I see now that they intend to do what I have been advocating for a long time, open a road in on the promenade in front of the hotel. That would enable cars to go in and unload at the side door and then park behind the hotel. With such an arrangement they would perhaps fill up that dining room during the summer months.

Let me refer to an old text that I have mentioned before, but which bears repeating. We talk about money as if it were the only criterion in life. Everybody talks about the large farm unit, because it has to be large to make money, forgetting altogether about the many great families of Canadians who were raised on family farms. Men have gone out from such farms in the West and elsewhere to fill the highest posts in banks and large companies in the country. I would long be sorry to see that type of home abolished. But people talk about money as if it were the only object in life.

The honourable the junior senator from Winnipeg (Hon. Mr. Wall) mentioned yesterday the need for large sums of money for education and to provide scholarships. Well, honourable senators, perhaps I am not the one to say it, but I don't believe you can buy education. When a man comes from a family which is determined that he receive an education, he will get it in spite of the scarcity of money. The family will get their own loans somewhere and will repay them when the son gets into his job in life. In other words, you can't buy an education; it is not money we need. I noticed in the press a similar statement by an Alberta man—whether an educationist or an ordinary layman I do not know—that money will not buy an education.

I have only to add my thanks to honourable senators for their kindly references to the election of my sons to the House of Commons and to say how sad I would have been if they had not run on the grand old Conservative ticket—for instance, if they had run as candidates of the C.C.F.

On motion of Hon. Mr. Roebuck, debate adjourned.

DIVORCE

BILLS—SECOND READING

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-15, for the relief of Olive-Jane Frances Piper Sinclair.

Bill SD-16, for the relief of Rhoda Carin Burack.

Bill SD-17, for the relief of Evelyn Grace Blakely Mullins.

Bill SD-18, for the relief of Julia Switnicki Kobel.

Bill SD-19, for the relief of Eric Dunstan Martin.

Bill SD-20, for the relief of Hazel Margaret White Jackson.

Bill SD-21, for the relief of Mary Stepko Berryman.

Bill SD-22, for the relief of Jewel Evelyn Bockus Yeo.

Bill SD-23, for the relief of Clarence Leonard Sproule.

Bill SD-24, for the relief of Geraldine Avonne Dixon McNaughton.

Bill SD-25, for the relief of Jean-Louis Ducharme.

Bill SD-26, for the relief of Emery George Nemeth.

Bill SD-27, for the relief of Alfreda Rose Celina Gigot Kyriazis.

Motion agreed to and bills read second time, on division.

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

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker:

Hon. Roland Michener, Speaker of the House of Commons, addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, June 10, at 8 p.m.

THE SENATE

Tuesday, June 10, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

Resolved,—That a message be sent to the Senate to acquaint their honours that this house has appointed Miss Aitken, Messrs. Argue, Best, Bourbonnais, Bourque, Brunsden, Campeau, Dorion, Eudes, Fairfield, Fisher, Fleming (Okanagan-Revelstoke), Forbes, Frechette, Grenier, Hanbidge, Houck, Kindt, Knowles, LaRue, Lennard, Lessard, Macquarrie, Martineau, Matthews, McFarlane, McGee, McIlraith, Muir (Lisgar), Nixon, Pigeon, Racine, Ratelle, Richard (Ottawa East), Simpson, Skoreyko, Small, Smith (Lincoln), Smith (Winnipeg North), Southam, Stinson, Tremblay, Tucker and Van Horne, a Committee to assist His Honour the Speaker in the direction of the Library of Parliament so far as the interests of the House of Commons are concerned, and to act on behalf of this house as members of a Joint Committee of both Houses on the Library.

Ordered, that the message do lie on the Table.

RESTAURANT OF PARLIAMENT

JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

Resolved,—That a message be sent to the Senate to acquaint their honours that this house has appointed Messrs. Bourque, Caron, Carter, Deschatelets, Godin, Gour, Halpenny, Knowles, Lafrenière, Legere, Létourneau, Martin (Timmins), McDonald (Hamilton South), McGregor, McQuillan, Muir (Lisgar), Parizeau, Pratt, Smith (Calgary South), Stearns, Stinson, Taylor, Weichel and Wratten, a Committee to assist His Honour the Speaker in the direction of the Parliamentary Restaurant so far as the interests of the House of Commons are concerned, and to act on behalf of this house as members of a Joint Committee of both Houses on the Restaurant.

Ordered, that the message do lie on the Table.

PRINTING OF PARLIAMENT

JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

Resolved,—That a message be sent to the Senate to acquaint their honours that this house will unite with them in the formation of a Joint Committee of both Houses on the subject of the Printing of Parliament, and that the following members: Messrs. Allard, Asselin, Badanai, Barrington, Batten, Belzile, Bissonnette, Boivin, Bourdages, Bourque, Brunsden, Cadieu, Campeau, Clancy, Cooper, Creaghan, Deschambault, Dubois, Dupuis, English, Fane, Flynn, Gillet, Godin, Grafftey, Gundlock, Henderson, Howard, Jorgenson, Korchinski, Lahaye, Lessard, Létourneau, Loiselle, MacInnis, MacLellan, Martin (Timmins), Martini, McLennan, McWilliam, Michaud, Morissette, O'Leary, Phillips, Rapp, Ratelle, Rouleau, Rynard, Skoreyko, Southam, Taylor, Thrasher, Winkler and Yacula will act as members on the part of this house on the said Joint Committee on the Printing of Parliament.

Ordered, that the message do lie on the Table.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 82 to 126, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

DESTRUCTION OF DOCUMENTS

NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, I have been rather perturbed by an item which appeared in the press during the weekend about the destruction of departmental files. I would ask the honourable Leader of the Government (Hon. Mr. Aseltine) to kindly table all orders in council concerning the burning of 90 per cent of the papers that belonged to the various departments. I ask this in a friendly manner and tomorrow I may make a formal motion. This is a notice of inquiry. I hope that the Government will not follow the example of Omar, the caliph who destroyed and burned the library of Alexandria because it contained many books that were contrary to the Moslem faith.

LAND USE

NOTICE OF MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE TO CONDUCT INQUIRY

Hon. W. M. Aseltine: Honourable senators, I give notice that on Thursday next I will move:

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the committee be composed of the Honourable Senators Barbour, Basha, Boucher, Bois, Bradette, Cameron, Crerar, Emerson, Gladstone,

Golding, Hawkins, Horner, Inman, Leger, Leonard, MacDonald, McDonald, McGrand, Méthot, Molson, Pearson, Power, Smith (Kamloops), Stambaugh, Taylor (Norfolk), Taylor (Westmorland), Turgeon, Vaillancourt, Wall and White.

That the committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

That the evidence taken on the subject during the two preceding sessions be referred to the committee.

Hon. Mr. Macdonald: May I ask the Leader of the Government (Hon. Mr. Aseltine) if all the members who served on the committee during the preceding two Parliaments are on the present committee?

Hon. Mr. Aseltine: I paid particular attention to that. I believe that all the former members are on this new committee, probably with one or two additions.

FINANCE COMMITTEE

NOTICE OF MOTION TO APPOINT ADDITIONAL MEMBERS

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I would move that the names of the Honourable Senators Brunt, Emerson and Thorvaldson be added to the list of senators serving on the Standing Committee on Finance.

Hon. Mr. Macdonald: I did not receive notice that these names would be added. May I ask whether there are three vacancies on the committee?

Hon. Mr. Aseltine: These appointments would increase the membership to 30. There would still be several vacancies left unfilled, in case new senators are appointed who may wish to serve on the committee.

Hon. Mr. Macdonald: Thank you. I take the honourable leader's word for it; I simply wanted to make sure of the number of senators serving on the committee.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Macdonald: Honourable senators, I wonder if this could stand as a notice of motion until next sitting. I would like to have time to look over the list of members.

Hon. Mr. Aseltine: That is agreeable.

The Hon. the Speaker: Notice of motion stands until next sitting.

NOVA SCOTIA

SHARE OF INCOME TAX COLLECTED FROM CERTAIN CORPORATIONS—INQUIRY AND ANSWER

Hon. Wishart McL. Robertson inquired of the Government, pursuant to notice:

(1) What was the amount paid to the Province of Nova Scotia for the fiscal year ending March 31, 1958 of a share of income tax collected from corporations whose main business is the distribution to, or generation for distribution to the public of electrical energy, gas or steam (Chap. 49 Statutes of 1952)?

(2) What year's income tax collections was used as the basis for determining the amount of the payment?

(3) How was the amount of the above payment determined?

(4) What were the names of the corporations from which the above income tax was collected?

(5) As a consideration of the payment to the Province of Nova Scotia of a share of the income taxes collected from these corporations, is the province required to refund such amounts to the corporations concerned in order to reduce their charges to their customers?

Hon. Mr. Aseltine: Honourable senators, I have the following answer to the honourable gentleman's question:

1. $400,936.00.

2. Taxation year 1955.

3. Determined from income taxes assessed in accordance with the requirements of the statute for the year 1955 with minor changes in respect of prior years that resulted from re-assessments. The provincial share is 50 per cent of the tax on the appropriate income of corporations concerned.

4. Information of this kind cannot be disclosed pursuant to section 133 of the Income Tax Act.

5. No.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-28, for the relief of Therese Beaudoin Girard.

Bill SD-29, for the relief of Dorothy Elizabeth Nairn Anderson Bloodsworth.

Bill SD-30, for the relief of Anne Marie Mathilde Vautelet Gagnier.

Bill SD-31, for the relief of William Leonard Mugford.

Bill SD-32, for the relief of James Clancy.

Bill SD-33, for the relief of Marjorie June Gabrielson Trainor.

Bill SD-34, for the relief of Kathleen Mitchell Cabana.

Bill SD-35, for the relief of Fernande Leduc Clarke.

Bill SD-36, for the relief of Ann Westwater Murphy.

Bill SD-37, for the relief of Gaynor Jenkins Douglas.

Bill SD-38, for the relief of Roland Paquin.

Bill SD-39, for the relief of Jone Vanda Skakauskaite Kaniewski.

Bill SD-40, for the relief of Ivy Elizabeth Shaw Labbee.

Bill SD-41, for the relief of Constance Jean Backhouse Brayton Lapierre.

Bill SD-42, for the relief of Lisbet Schlosser Wisternitz.

Bill SD-43, for the relief of Virginia Marshall Staniforth.

Bill SD-44, for the relief of Elie Kouri.

Bill SD-45, for the relief of Margaret Stirling Izett Brown.

Bill SD-46, for the relief of Norman Weisman.

Bill SD-47, for the relief of Dawn Yvonne Tonkin Kadas.

Bill SD-48, for the relief of Betty Taylor Sharpe.

Bill SD-49, for the relief of Doris Williams Timmins.

Bill SD-50, for the relief of Marjorie Mary Ellen Bowes Jupp.

Bill SD-51, for the relief of Earl Bruce Carswell.

Bill SD-52, for the relief of Beverly Joan Smithson Rook.

Bill SD-53, for the relief of Joseph Francois Gabriel Rene Denis.

Bill SD-54, for the relief of Solomon Seymour Yetman.

Bill SD-55, for the relief of Margaret St. Aubin Brennan.

Bill SD-56, for the relief of Margaret Patricia Winckworth Thornton Sherwin.

Bill SD-57, for the relief of Lidija Plesums Koppel.

Bill SD-58, for the relief of Vera Hamburg Colson.

Bill SD-59, for the relief of Margaret Griffin Clarke.

Bill SD-60, for the relief of Katie Miller Fisch.

Bill SD-61, for the relief of Greta Claire Van Valkenburg Stenstadvold.

Bill SD-62, for the relief of Beatrice Madeleine Schmid Layton.

Bill SD-63, for the relief of Anne Gold Zidile.

Bill SD-64, for the relief of Thomas Mastropaolo.

Bills read first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Next sitting.

HON. JOSEPH A. SULLIVAN

FELICITATIONS ON APPOINTMENT AS HONORARY SURGEON TO THE QUEEN

On the Orders of the Day:

Hon. W. M. Aseltine: Honourable senators, before the Orders of the Day are proceeded with I would like to call attention of honourable senators to something which I consider to be quite important. An article appeared in the Toronto *Telegram* of June 9 with reference to an honourable member of this chamber, the Honourable Dr. Joseph A. Sullivan, and with leave of the Senate I would like to read it:

> Senator Joseph A. Sullivan, M.D., of Toronto, has been appointed an honorary surgeon to the Queen in recognition of his military service, it was learned here today.
>
> In that capacity he could be called on to serve Her Majesty or any other member of the Royal family when they visit Canada.
>
> Government House said the appointment does not mean Dr. Sullivan will escort Princess Margaret when she tours Canada in July. He could be asked to serve when she is in Toronto.
>
> Dr. Sullivan, appointed a senator last October, is a former Associate Professor of Otolaryngology at the University of Toronto, and a member of its Board of Governors.
>
> As well as being chief of St. Michael's Hospital's hard-of-hearing clinic and auditory research, he is chief nose and throat consultant for the armed forces, Defence Research Board and Civil Aviation Division of the Transport Department.
>
> Last fall he was made a Knight Commander of St. Gregory with distinction, by Pope Pius XII.
>
> He was goalie for the Toronto Varsity team which represented Canada in the 1928 Olympic Games.

I am sure all honourable senators join with me in congratulating the honourable gentleman on the great distinction which has been conferred upon him by Her Most Gracious Majesty.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators, I would like to join with the Leader of the Government in extending hearty congratulations to the Honourable Senator Sullivan on this great honour which has come to him. All I can say further is that I hope his duties in this position will not be so strenuous that he won't be able to join with the other eminent surgeons and physicians in this house in looking after his brother and sister senators when they become ill.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third readings of the following bills:

Bill SD-15, for the relief of Olive-Jane Frances Piper Sinclair.

Bill SD-16, for the relief of Rhoda Carin Burack.

Bill SD-17, for the relief of Evelyn Grace Blakely Mullins.

Bill SD-18, for the relief of Julia Switnicki Kobel.

Bill SD-19 for the relief of Eric Dunstan Martin.

Bill SD-20 for the relief of Hazel Margaret White Jackson.

Bill SD-21 for the relief of Mary Stepko Berryman.

Bill SD-22 for the relief of Jewel Evelyn Bockus Yeo.

Bill SD-23, for the relief of Clarence Leonard Sproule.

Bill SD-24, for the relief of Geraldine Avonne Dixon McNaughton.

Bill SD-25, for the relief of Jean-Louis Ducharme.

Bill SD-26, for the relief of Emery George Nemeth.

Bill SD-27, for the relief of Alfreda Rose Celina Gigot Kyriazis.

Motion agreed to, and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, June 5, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Monette, seconded by Hon. Mr. Thorvaldson, for an Address in reply thereto.

Hon. Arthur W. Roebuck: Honourable senators, since the commencement of this debate a number of senators have expressed in the finest of language and most acceptably, felicitations to you, Mr. Speaker, to the Leader of the Government (Hon. Mr. Aseltine) and the Leader of the Opposition (Hon. Mr. Macdonald), and to the mover (Hon. Mr. Monette) and the seconder (Hon. Mr. Thorvaldson) of the Address. These congratulations, and even expressions of admiration, have been voiced by a number of speakers. This, of course, is in the best traditions of Parliament and of this chamber, and, with the consent of the senators who expressed these sentiments to which I refer, may I adopt their eloquent tributes, with a special bow to you, Mr. Speaker.

May I take advantage of the fact that I have the floor for the moment to say how pleased I am to see amongst us again my colleague from Halifax-Dartmouth (Hon. Mr. Isnor), after a siege of illness. We are all happy to see him back, and trust that he has completely recovered his health.

Hon. Senators: Hear, hear.

Hon. Mr. Isnor: Thank you.

Hon. Mr. Roebuck: Congratulations are due not only to the five honourable senators I have mentioned, but also to those senators from whom we have heard during this debate excellent speeches containing much food for thought and couched in the finest language. Without any desire to choose one rather than another, let me say that I was stirred deeply indeed by an address delivered on May 28 last by the honourable senator from Shelburne (Hon. Mr. Robertson). It was a thoughtful and courageous expression of his views on the economic conditions in Canada at the present time. He made particular reference to the evils of inflation which, as honourable senators will remember, he described as a most baffling and difficult problem. I agree with the honourable senator that it is a difficult problem and, I would add, a very important problem, and one to which the members of the Senate might well give thoughtful study and consideration.

As I understood the honourable senator from Shelburne, he described inflation as an increase in the cost of living and of production, and this condition he proposed to solve, or at least to combat, by decreasing and ultimately abolishing tariff obstructions to international trade. I compliment the honourable senator upon his vigorous thought and the forthright boldness with which he expressed it in this house. Canada is in need of incisive thinking of this kind and of such bold expression of conclusions.

With the proposal that the honourable senator made in that speech, that Canada join the Common Market of the European free trade area, I heartily agree. I also agree that we should progressively remove the tariff barriers that obstruct our trade, and that while we are doing so we should agree not to increase our tariffs.

To that extent I go along completely with the honourable senator, but I would like to add some qualifications. While free trade, in my judgment, would undoubtedly increase our productive power—I am all for it—and would, I believe, have a tendency to cheapen goods, still I would submit that the effect

of an abolition of protective tariffs would be quite similar, in principle at least, to the introduction of labour-saving devices and organization. The introduction of labour-saving devices of various kinds has not, however, solved the unemployment problem, nor has it met the difficulty of the rising cost of living. I admit that the problem is baffling, and one is rather saddened by the hazy half-truths in this connection one constantly encounters from both platform and press.

My purpose, of course, is not to criticize the honourable senator from Shelburne, but rather to assist, if I can, with the utmost humility, in carrying his thought just a step farther. First let me discuss this most important question of inflation.

I would remind the house that rising prices are the corollary of falling money. That seems to me elementary and self-evident. The price of an article is the amount of money it commands in the trading market; the amount of money an article costs depends on the purchasing power of the money. One balances the other. So, I submit, when we speak of the rising cost of living as expressed in high prices, we must think of two things: first, the cost and expense involved in the production of the article in question—that is its intrinsic value; and second, the purchasing power of the dollars with which we acquire it. There is the balance on the one hand and the other. As I said earlier, I think free trade would decrease to some extent the effort and expense required in the production of goods. It would not, however, affect the purchasing power of the Canadian dollar. So the remedy suggested by the honourable senator, in my judgment, would not be complete, although it would be helpful.

I turn to another subject. If honourable senators will glance at a dollar bill they will note that the Bank of Canada promises to pay the bearer one dollar on demand. Bills of other values, of course, contain a similar promise to pay the amount of the note on demand. That is, the Bank of Canada will give you, if you demand redemption of your bill, another note of exactly the same kind in exchange. The issuers of Canadian money make no promise of redemption and no guarantee of its value measured in commodities. We use it in every transaction as a measure of value, but it is a measure of value without regard to its own value, in much the same sense, I suggest, as a measure of distance would be without regard to length, or a measure of weight without regard to avoirdupois. Little wonder, then, that, without any standard of value, the Canadian dollar, like currencies in recent years both in the United States and Great Britain, fluctuates violently.

There was a time, honourable senators, within your memory, and certainly within mine, when prices remained almost stationary from year to year. We used to liken the pound sterling to the Rock of Gibraltar, and the Canadian dollar was equally stable. If you promised a dollar, the dollar you paid later on was of exactly the same value. But in those days the pound and the dollar bore a promise of redemption in gold, and the value of money could not sink below the intrinsic value of the gold content. There was no problem then of rising prices, with disastrous effects on the cost of living, because money was not constantly falling.

What happened? I suppose all of us here are old enough to remember what took place in 1914. We proceeded to pay the bill for the waging of War No. 1 with governmental promises to pay, and very shortly, as one might naturally expect, those promises outran our supply of gold for their redemption. Therefore we decided, as a war measure, to cease to pay gold in redemption of our paper money, and as a natural result our money became literally "scraps of paper", dependent for its purchasing power on public sentiment only, subject to violent fluctuations, and influenced of course by supply and demand. The value of money is determined by the amount in circulation in relation to the goods and other things to be purchased—in other words, the use to be made of it, the demand there is for it. With the kind of currency we use today, if you increase the supply you decrease the value; by decreasing the supply you increase its value.

Let me cite an illustration from that war period as throwing light upon the present situation. As we all remember, the war was, for those times, exceedingly costly—indeed all wars are—and we proceeded to pay for it with governmental promises couched in Victory bonds. While Victory bonds bear interest, they are of the nature of money very much like dollar bills: they are promises by the Government or by some bank to pay at a later date. We forced the sale of these Victory bonds in great quantities by means of patriotic public campaigns. If you will permit me to reminisce, I remember being called upon by a committee of eminent and patriotic citizens, some of them my personal friends, and being assured by them that my future as a practising lawyer depended upon my display of loyalty in this crisis, so that I must, no matter what my situation, buy a bond of at least $1,000. At that time the idea of my buying a thousand-dollar bond would have been, but for its seriousness, a joke. I was a student at the time;

I had no money with which to buy bonds. So I did something which I suppose, would be obvious to anybody. I saw a friend, I explained to him my predicament, and in advance of my purchase of the bond I sold it to him at a considerable discount, which I absorbed. I was only one of thousands who did much the same under similar pressure. What was the result? Of course, money sagged. The value of it fell.

Let me give another illustration, drawn from times long past. As a result of the fall in the value of money, wheat, which prior to the beginning of the war sold at something of the order of a dollar a bushel, rose as high as $4 a bushel before the Government's spending spree was concluded.

It is with the changing relationship between the value of money and the value of commodities that I am concerned at this moment. Consider now the case of a farmer, say in the West. He owes money to the bank, to a mortgagee, to dealers in agricultural machinery for equipment not yet paid for. Then comes this change in money value, and he can pay off his indebtedness with the proceeds of one-half or one-third of the amount of wheat which it would have cost him prior to the opening of the war. The balance he sells as pure profit. I remember well that that period marked the first time I heard of farmers spending their winters in Florida. I am sure it was also the first time I heard the somewhat humorous but ironic expression known as the farmer's prayer—a prayer for a big harvest and a bloody war.

The farmer was not the only one in that position. Take the merchants in the cities and towns. Shoes which had been selling at $5 a pair suddenly became worth $10 a pair; and I am putting the case moderately, for the increase was more than double. So, as a result of the change in money relationships that followed the outbreak of war, the shoe merchant found that he could pay his rent with the proceeds of one-half the number of pairs of shoes it would have required before the outbreak of war. The balance remained for profit. Businesses all over the country from one coast to the other were similarly affected, and so we had a boom in business. Business rushed forward and profits were readily made. Anyone could start business and make money.

When the war broke out Canada, in my memory, was in the throes of a terrible depression. Honourable senators may remember stories about towns that were subdivided for miles into the countryside. No doubt you will remember stories about speculators who made fortunes in land values over night. Land values in cities and towns, in the country and on farms from coast to coast skyrocketed. We were just concluding a period of railroad expansion, and money in large sums had come to Canada from United Kingdom investors. With the shadow of war and perhaps the conclusion of railroad building, this source of money dried up, and this check to our economy was sufficient to burst the land boom.

When I went to Toronto, in 1914, I found a terrible condition of bankruptcy and unemployment. I remember seeing men lined up in queues four deep and a block long waiting for a handout at a soup kitchen which was supported for the most part by private charity. By 1915 or 1916 all this had disappeared. As a result of the change in money values rents had been cut from one-half to one-third and all debts, mortgages, bonds, promissory notes, open accounts and everything else in the way of debts were cut at least in two. That is why business boomed.

Now let me give the other side of the picture. Those whose interests were purely that of the creditor—and they were numerous and important—lost value in their money. Their credits remained the same when measured in dollars but the dollars were very much less valuable. The creditors were the ones who put up the price of the business boom. Those on fixed incomes, such as pensioners, and those who were paid under an arrangement whereby they received a certain number of dollars, suffered severely.

The honourable senator from Shelburne, in his eloquent speech during this debate, described the conditions that faced the pensioner, and he did not overstate the case. Wage earners were adversely affected, but only until new wage rates could be negotiated or forced by competition or by labour union action.

Honourable senators, I have told of this experience because of the light that it throws upon the principles involved in what we often talk rather lightly about as inflation. While I try to understand the effect of movements of this kind, I do not advocate this kind of business prosperity. I am for an honest dollar; that is to say, a dollar which has the same value today which it had yesterday and which it will have tomorrow. I ask for an honest measure of value, a measure that does not vary and that means the same when it is paid as it did when it was promised.

We have heard a good deal of the chaos that can result from inflation running wild. It can be a terrible disaster. We all know what happened in Germany after the war. I remember a story at the time of some

chap who bought a mill and subsequently paid for it with a bag of flour. Such carryings on in public business are utterly dishonest. Decreasing money values is unfair to the creditor, irrespective of the degree of inflation. Inflation can bring about chaos when money becomes so unreliable that business can no longer be carried on.

I have talked about decreasing values in money. On the other hand, rising money can be even more disastrous. It may be much desired by the creditor class but it is ruinous to debtors. Most people engaged in active manufacture—merchants, farmers and businessmen—are debtors. You cannot carry on active business, at least few people can, and not be in the debtor class. If you increase the value of money you multiply the debt, with resulting chaos. It is all right to talk about lowering the cost of living by increasing the value of the dollar, but the concomitants of rising money are epidemics of bankruptcy, business tragedies, farm disasters and commercial chaos. That is why I say that from both standpoints—falling money and rising money—I am for honest money, money that stays put.

Honourable senators, I submit that it is most desirable that we in this chamber bear actively in mind these fundamental principles that I have tried to make clear and that we realize the self-interest of the various classes who urge at different times various courses of action on the part of government. It is most important to bear in mind continually that rising prices are a corollary of falling money, and that money is the responsibility of government. It is of no use for the Government to bluff that it cannot handle this question; the value of money is entirely within its control.

It is equally important, if we rule out a shot in the arm in our economy as the method of getting out of a depression—and I think, and hope, that we all do so—to bear in mind that the basic cause of our present depression —or recession, if you want me to be polite— is the skyrocketing of land values and cruelly exorbitant rents. This is a general condition prevailing from coast to coast, and which is figured in tremendous sums of money. This land value movement has taken a long time to develop, but it has steadily and relentlessly progressed until today a slight check in our economy makes it almost impossible for business to bear the burden. We are experiencing that stalemate in Canada at the present time. Further, we should bear in mind that the true remedy for such a condition is a generous measure of land value taxation, rather than monkeying with this buzz-saw of inflation.

There is something rather remarkable about the present depression in that falling money—and we have had that, as honourable senators know—has not yet enabled business to absorb unemployment. The honourable senator from Shelburne told us that prices have advanced to 3.4 points in the year ending March 31 last; and the honourable the junior senator from Winnipeg (Hon. Mr. Wall) gave us some startling percentages of the increase in prices, which of course means a decrease in money values. But evidently money has not yet fallen sufficiently to offset the stalling effect upon business of inflated land values and excessive rents. The individual suffering of the unemployed has been softened in this particular depression by the social legislation of the former Government, and the disasters of bankruptcies and forced reorganizations have not yet reduced the cost of business to a point where enterprise can again restore full employment. That, in my opinion, is where we are at the moment. The lowering of tariffs would help, I think, in promoting business activity, by permitting producers to buy in the cheapest and sell in the dearest markets; but one can expect very little help in that regard from the protectionist Conservative Government now in office, and the Government's spending spree is rapidly gathering momentum; the public debt is rapidly increasing. These things are highly inflationary. I submit that the honourable senator from Shelburne was absolutely right when he stated his expectation of further increases in the cost of living.

Honourable senators, a very serious situation is facing Canada, and no doubt each one of you has in his mind to say, "What are you going to do about it?" Well, I have some suggestions. First, I think we should establish an honest dollar in Canada, a dollar with the least possible fluctuation in purchasing power, and that we should accomplish that by restoring the gold standard. Secondly, I think that we should seek to reduce the intolerable burden of excessive land values and cruelly high rents by a liberal measure of land value taxation; that of course may be done either by municipal or provincial Governments or the dominion government; I know of no reason why it should not be done by the dominion Government. Thirdly, we should increase our international trade by every means possible, including reductions or abolitions of tariffs and other obstructions, trade quotas, and all restrictions of that kind.

Honourable senators, I am not so young or so naïve as to imagine that these suggestions will be carried into effect at once, or will be carried out at all—under the present

Conservative Government. I have nevertheless thought it fit to present these thoughts before you, because here in the Senate the public good can be discussed without rancour, without undue political bias, and with an earnest open-minded seeking for that truth which, we are told, makes men free. Here in the quiet of a tolerant Senate we can, perhaps, develop that vision without which the people perish.

On motion of Hon. Mr. Smith (Kamloops), debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 68 to 81, which were presented on Thursday, June 5.

Hon. Mr. Roebuck moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 11, 1958

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

Prayers.

PRIVATE BILL

BURRARD INLET TUNNEL AND BRIDGE COMPANY—FIRST READING

Hon. Stanley S. McKeen presented Bill S-4, respecting The Burrard Inlet Tunnel and Bridge Company.

Some Hon. Senators: Explain.

Hon. Mr. McKeen: The purpose of this bill is this. The directors of The Burrard Inlet Tunnel and Bridge Company are not empowered to pay directors' fees. They are rectifying this. In the past the company has not been making any money but now it is in a position where it can do so and it is paying dividends to municipalities. It is asking leave to pay directors' fees, and that is the only purpose of this bill.

Bill read first time.

SECOND READING

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

Hon. Mr. McKeen: Next sitting.

FIRST CLERK ASSISTANT

REPORT OF COMMITTEE RECOMMENDING APPOINTMENT OF MR. ALCIDE PAQUETTE

Hon. William R. Brunt, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented the second report of the committee.

The report was read by the Clerk as follows:

Your committee recommend that Mr. Alcide Paquette be appointed First Clerk Assistant, Senate, and paid a salary of $10,500 per annum effective June 16, 1958.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Brunt: Next sitting.

DESTRUCTION OF DOCUMENTS

NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, referring again to the matter which I brought up yesterday may I give notice of the following questions?

1. Is there a "Public Records Committee"?
2. On whose recommendation, at what date and how was it established?
3. What for?
4. Does it consist of representatives of various government departments?
5. If so, who are they, and to what department does each one belong?
6. Are their duties on the Public Records Committee a full time job?
7. Is operation "Sausage Mill" one of the duties of that committee?
8. If so, what is the meaning of the words "Operation Sausage Mill"?
9. What is the purpose of "Operation Sausage Mill"?
10. Are there any other operations with a name of *meat*, or any other name, within the scope of the Public Records Committee and what is their purpose?
11. Is it true that one of the duties of the Public Records Committee is "to check, examine and destroy" ninety per cent of 62 miles of shelving and 325,000 document boxes containing millions of separate documents?
12. Who will decide whether each one of those millions of separate documents has any historical or departmental value?
13. With regard to Mr. A. M. Whillins, who is in charge of the Public Works incinerator at Tunney's Pasture, Mr. W. W. Bilsland, the head of the disposal section, and Mr. D. W. Shadd, who is in charge of the reference section, wherefrom does each one come, and what are the qualifications and duties of each one?
14. Who will decide whether the ninety per cent of the documents, without any historical or departmental value, will be burned in the Public Works incinerator or will go to the junk man?
15. Who has already established a proportion of ten per cent of millions of separate documents with any historical or departmental value and of ninety per cent of millions of other separate documents without any historical value and how and when was it done?
16. Is the Canadian Government following the precedent of the United States Government, which made an operation similar to "Sausage Mill"?
17. Until now, how many of those documents have been (a) preserved for having a departmental or historical value (b) incinerated or (c) sold to the junk man?
18. Is it the intention of the Government to give back to the Provinces the thousands of bound volumes containing records of the old Department of the Interior, "many of which date back to Confederation and include early land grants, mining rights, etc."?

That matter is of great importance owing to the mining rights in the Prairie Provinces and in the other provinces too.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-65, for the relief of Charles Coorsh.

Bill SD-66, for the relief of Claire Aubin Daunais.

Bill SD-67, for the relief of Maurice Gardner Swaine.

Bill SD-68, for the relief of William Arthur Terry.

Bill SD-69, for the relief of Frances Eileen Fisher Baker.

Bill SD-70, for the relief of Marie Aurore Cecile Gauthier Thomson.

Bill SD-71, for the relief of James Dunn Drummond.

Bill SD-72, for the relief of Marie Eva Desorcy Valiquette.

Bill SD-73, for the relief of Norman Silver.

Bill SD-74, for the relief of Herbert Everett Follette.

Bill SD-75, for the relief of Abie Cubitz.

Bill SD-76, for the relief of Eva Shtull Hager.

Bill SD-77, for the relief of Georges Etienne Brais.

Bill SD-78, for the relief of Barbara Eisenstein Packer.

Bills read first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Next sitting.

FINANCE COMMITTEE

ADDITIONS TO MEMBERSHIP

Hon. W. M. Aseltine: Honourable senators, in accordance with the notice I gave yesterday I now move that the names of the Honourable Senators Brunt, Emerson and Thorvaldson be added to the list of senators serving on the Standing Committee on Finance.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

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

Hon. Sydney J. Smith (Kamloops): Honourable senators, as I rise to participate in the Throne Speech debate in the Twenty-Fourth Parliament I am reminded of my early days in this house, when I had the honour of seconding the motion to adopt the Speech from the Throne, during the Twenty-Second Parliament. I know many of my honourable colleagues who have joined us in the intervening months will understand me well when I say that my early activities here were enshrouded in fear. I received a lot of good advice from my friends, as no doubt all of you have, and one admonition that has remained fixed in my mind was given me by one of the veterans who was endeavouring to impress me with the necessity of exercising patience, caution and prudence. In order to bring his point home he said to me, "You know, it takes the average member for Parliament the first year and a half he is in Ottawa to learn how to hang up his hat and coat." Well, honourable senators, that was about a year and a half ago and, as a toddler now, I feel the urge to go exploring. That is the spirit in which I am going to attempt to tell you some things today that I feel it my duty to draw to your attention.

However, before launching into the substance of my address, I wish to associate myself with the complimentary remarks of previous speakers directed to the Honourable the Speaker, the Honourable the Leader of the Government (Hon. Mr. Aseltine), the Honourable the Leader of the Opposition (Hon. Mr. Macdonald), and particularly those two honourable senators who moved and seconded the motion which is under debate. I wish to discuss some matters of pertinent import to British Columbia. While I have the honour to represent the very best portion of the province, known as the Interior, I am going to take the liberty of trespassing on all parts of the beautiful province of British Columbia.

The people of our province are this year celebrating a Centenary. There have been kind references and good wishes expressed on both sides of this house toward the province of British Columbia in its Centennial year. This is an indication that there is nation-wide knowledge of our Centenary project. I would like to have the gift of an artist or a poet to give honourable senators a proper picture of the gala program which is now under way and will be carried out in every community in our province throughout the whole year of 1958. Communities are vying with one another in their local Centennial projects. Some are building swimming pools, others ice arenas, libraries, et cetera. To detail a complete list of centennial projects under way throughout the entire province I would eventually have to refer to every institution that is the pride and joy of communities every place. This part of the program, of course, will provide a permanent and useful monument to the occasion, but material acquisitions are only a small part of the overall program. The arts and crafts and humanities are coming in for their share of attention. To augment the whole program citizens of British Columbia—and when I say 'citizens' I include corporations and organizations of every kind —I say the people of British Columbia have entered into the spirit of Centennial year in various ways. Some have taken great pains to have their grounds appropriately laid out

and planted. Others have gone to great expense to decorate their premises and, all in all, British Columbians are conscious of their responsibility as hosts to more visitors than have ever holidayed in our province in any previous year.

I don't think I can better emphasize the extent to which British Columbia has gone all out this year than to remind you that the coming visit of Her Royal Highness Princess Margaret to Canada is basically for the purpose of her visiting British Columbia, where she is going to be our guest for 14 days.

As I have stated, every community in the province is participating but, naturally, the larger centres, with varied and extensive facilities, are going to be the focal points for the greater activities. In this respect I want to refer to Vancouver Island. This island lies off the mainland to the west and is accessible only by water and by air. It is almost as large as the province of Prince Edward Island and has a population of about 150,000. Victoria, our provincial capital, is located on the southern extremity of Vancouver Island and the very fact that it is our capital city makes it a magnet that draws a large percentage of visitors that come to our province. Although in recent years air travel has become very common, nevertheless the basic life-line of Vancouver Island has been the ferry service between the island and the mainland. The C.P.R. has played a very important role in this ferry service. It has a very fine fleet of steamships, numbering 10 in all. These ships have a total gross tonnage of 44,000 tons, passenger facilities for 11,830, sleeping accommodation for 1,285, and a capacity for 498 automobiles.

Everything was going just fine and dandy in connection with the big Centennial holiday year until 350 employees of the C.P.R. Steamships—members of the Steafarers International Union—went out on strike on Friday night, May 16. As a result of this strike the 10 C.P.R. boats are lying idle in harbour at Vancouver, Victoria and Nanaimo. On May 27 the federal Government announced the appointment of Eric G. Taylor, of Toronto, as a mediator who was to make an effort to get the strike settled. However, Mr. Taylor returned to eastern Canada last week without having accomplished anything. Needless to say, the people of British Columbia, who were hopeful and patient, are feeling very discouraged over the outcome, and particularly so because of indications that this strike may drift into a long-drawn-out battle. This strike is approaching the end of the fourth week—the day after tomorrow, to be exact.

During this four-week period the loss suffered by the tourist service industry on Vancouver Island is reliably estimated to exceed $2 million. More than a week ago it was reported that over 30,000 reservations had been cancelled. Honourable senators, I cannot possibly convey to you what an injury our economy will suffer if this strike is prolonged indefinitely.

It will be felt worst on Vancouver Island: it will be just terrible for the province of British Columbia. But the loss does not end there. It is a national calamity. Direct losses will affect every level of tax collections; unemployment will be increased; building and capital expansion in the tourist industry will be cancelled. One province cannot suffer a setback like this without it affecting Canada as a whole.

There has been no announcement by the Government regarding mediator Taylor's return to eastern Canada, but a member of the Opposition in the other place yesterday asked the following question:

> Mr. Speaker, I should like to direct a question to the Acting Minister of Labour. Have negotiations between the federal mediator, the Canadian Pacific Railway and the Seafarers' International Union, involving a strike of steamship services on the west coast, broken down as reported in yesterday's press? If so what action, if any, is now contemplated by the Government to bring an end to this costly strike?

The Honourable Acting Minister of Labour answered this question in the following manner:

> Mr. Speaker, I believe I have the same press clipping that the hon. member has. It is correct to say that negotiations have not broken down. The hon. member will notice in the press release that the mediator is quoted as saying, "I am not abandoning my inquiry, but I am suspending it for the time being". That is the situation at the present time.

This question and answer are recorded on page 987 of the Commons *Hansard* for Tuesday, June 10.

This answer, naturally, left the impression that the efforts of Mr. Taylor had not broken down, which is not according to statements made by Mr. Taylor himself in press interviews in Vancouver before he left there.

The Vancouver *Sun* of Tuesday, June 3, reports as follows:

> Federal mediator Eric Taylor warned today the Canadian Pacific Railway ship strike "will continue indefinitely". "Talks between representatives of the C.P.R. and striking Seafarers International Union broke down Monday". Mr. Taylor said: "No further meetings have yet been planned and talks have been suspended for today. All I can say at the moment is that the C.P.R. strike will go on indefinitely."

The Vancouver *Daily Province* of Tuesday, June 3, reports as follows:

> The first attempt to end the 18-day C.P.R. ship strike has failed. Special mediator Eric G. Taylor said Monday after a three-hour parley with both sides: "Nothing transpired to indicate that the strike will not continue indefinitely." A spokesman for the C.P.R. also confirmed the session had been

fruitless. And he added that no arrangements were made for further meetings of all the parties concerned. The company repeated that the coast fleet was operating at a loss, and said that any increased grant would have to come out of increased charges on passenger and car traffic.

In reporting further regarding the breakdown of negotiations, the Vancouver *Daily Province* of June 7 says:

What appears to be the failure of his (Mr. Taylor's) mission has apparently been brought about by complications going beyond the Seafarers' dispute with the C.P.R. Said an informed source: "The Marine Engineers and the Masters and Mates have also registered strike votes on the C.P.R. fleet and on Black Ball. Everyone is waiting to see what the other will do. That applies to both the companies and the unions."

In the same article Mr. Taylor is reported as having said:

Other disputes are having an impact on the S.I.U. problem.

The article continues:

He stressed his brief extended solely to the S.I.U.-C.P.R. dispute and that he could take no official notice of other differences on the waterfront.

No final report would be handed to the federal Government as yet. This would leave room for the possibility of further developments.

The foregoing quotations from press interviews with the mediator would indicate, without doubt, that he has given up hope of accomplishing a settlement under existing circumstances.

You will note from this latter statement by Mr. Taylor that his terms of reference were too restricted to permit him to bring about a settlement. The fact that there are other disputes than the one referred to him confirms the fact that Mr. Taylor was beaten before he started in his efforts to bring about a settlement. If the Government has a sincere desire to bring an end to this strike it will extend the terms of Mr. Taylor's commission so that he can deal with all disputes involved in the tie-up.

Another significant point repeated in press reports of Mr. Taylor's efforts while at the coast is to the effect that the C.P.R. has been losing money on the operation. Perhaps it has been losing money. Perhaps it has been saving money during the weeks that its ships have been tied up and it may not be too anxious to see the strike settled. As a matter of fact it is reported in the Vancouver *Daily Province* of June 3, that the C.P.R. is considering a British offer to buy part of its west coast steamship fleet. This paper quotes Mr. J. N. Fraine, Vice-President of the C.P.R.'s Pacific Division, as confirming reports current in Vancouver and Montreal that some of his ships are on the block.

Honourable senators, this report is the most alarming item in this gloomy story of the steamship tie-up in British Columbia. I am sure Canada has not yet recovered from the shock it experienced when the Government announced that the Atlantic coast fleet of Canadian National (West Indies) Steamships Ltd. was being sold. It seems a tragedy to learn that sale of the Pacific Coast fleet of the C.P.R. is being considered. It is reported that the C.P.R. has prepared a statement which has been in the hands of President N. R. Crump for some weeks, relative to their operation of B.C. Steamships, which belong to the C.P.R. I am wondering if this report has been made available to the Government.

Much as I disagree with the general principle of subsidies, nevertheless I would suggest that if on investigation the Government finds that B.C. Steamships cannot operate a service between Vancouver Island and the mainland of British Columbia without a subsidy, then consideration should be given to negotiating a satisfactory subsidy in order to revive the vital service. There is ample precedent for the Government to pay such a subsidy. It is now passing out millions of dollars in subsidies to shipping operations on the Atlantic coast, operations furnishing a similar service to that which the C.P.R. boats have been furnishing in British Columbia.

If, on the other hand, a thorough investigation reveals the fact that the present fleet of the C.P.R. is obsolete and unable to compete with a more modern type of ferry, then the solution would be to negotiate for a new type of ferry, possibly plying a shorter course. But in this case provision should be made for resumption of service by the present fleet until a new fleet of ferries would be available.

So much for our province and our problem. I am not unmindful that British Columbia is not alone in suffering the results of a labour tie-up that affects not only the employees and the employers involved but also the general public. Our modern economy has become so complex that there are many incidents of labour disputes that affect large sections of our population. When a labour dispute causes grievous hardship to members of the public I am strongly of the opinion that strikes and lockouts should be prohibited. I hasten to say I am firmly convinced that labour should have the right to bargain collectively and, under ordinary circumstances, the right to withhold its services in order to induce management to meet its demands. As long as the dispute involves only labour and management I would not attempt to restrict the right to strike to those cases in which some Government official feels that there is merit in the demand being made by labour, because in a democracy a person has the right to be wrong—as long as he does not hurt innocent

people. Nor would I restrict the right of an employer to lock out his employees under such circumstances.

It seems to me that in seeking the dividing line between disputes where strikes and lockouts are to be allowed and those where they are to be prohibited, one might say that if the industry or service is of such public importance that it is regulated by the Public Utilities Commission in the provincial field or the Board of Transport Commissioners in the federal field, then that industry or service is of such importance to the public that strikes and lockouts should be illegal, and that any differences which cannot be settled amicably should be settled by compulsory arbitration or, better still, by a labour court set up for the sole purpose of dealing with labour disputes. The term "compulsory arbitration" is offensive to many people, and yet the term "binding conciliation," which is only another way of saying the same thing, has been accepted by the police and fire unions for many years without any suggestion having been made that their members have suffered in any way as a result of being denied the right to strike.

As far as the dispute which ties up the C.P.R. ships is concerned, it is my specific suggestion that Parliament should take immediate action to extend the period of the collective agreement between the C.P.R. and the S.I.U. until such time as the parties can agree upon the terms of a new collective agreement. This course was successfully followed by a previous administration when both our transcontinental railways went on strike, and the railways began to run in a matter of a few days.

I do not assert that the C.P.R. is right and the S.I.U. is wrong in the contract negotiations. I do not assert that either party has shown less than the best of faith in the collective bargaining. But I do assert that they are both wrong when the result of their action is irreparable damage to the general public.

I do not believe that the Government is getting any comfort out of the fact that a lot of people in British Columbia are suffering heavy losses. Neither do I believe that this Government is foolish enough to allow this strike to continue indefinitely when the Government itself stands to suffer heavy losses during its continuance. But I do believe, along with the masses in British Columbia, that the Government has utterly failed to take this situation seriously. As evidence of this lack of interest, I would remind you that there are 18 Government members—including three ministers—from British Columbia and they have shown no appreciable interest. I should not be urging them to do their homework but, on behalf of British Columbia, I do earnestly do so. I have full confidence that the Government is going to face up to this problem sooner or later. I earnestly urge it to make it sooner. I most sincerely hope that the honourable the Leader of the Government in this house (Hon. Mr. Aseltine) will exert the full weight of his good offices on his Government to take some definite, effective and immediate action to bring this strike to an end.

Hon. Mr. Lambert: Would the honourable gentleman permit me to ask just one question? Would he tell us what the precise issue is between the parties to this strike he has referred to? If he has already explained this I failed to hear him.

Hon. Mr. Smith (Kamloops): The Seafarers' International Union was asking for an increase of 25 per cent in wages. The C.P.R. had offered them an increase of 8 per cent. While the negotiations were going on the company settled with another union involving 700 employees on the same boats, who belonged to the Clerks' Union, for an increase of 8 per cent.

Hon. J. W. Comeau: Honourable senators, I wish to join with the other honourable senators who have spoken, in offering my sincere congratulations to the Honourable Speaker of the Senate, and also to the Honourable Leader of the Government (Hon. Mr. Aseltine) and the Honourable Leader of the Opposition (Hon. Mr. Macdonald). I am not going to expose their virtues, because I think it would be superfluous. The honourable senator from De la Durantaye (Hon. Mr. Pouliot) did it very well with respect to the Honourable Leader of the Government this afternoon; so I will proceed with the few remarks I have to make. They have to do with what I know will be a very dry subject for most senators, for I want to say a few words about one branch of the fisheries of the Maritime provinces. With the leave of the Senate I would like to read an excerpt from the Halifax *Chronicle-Herald* of June 5, bearing the caption "Fisheries Scientists in Session":

> Scientists engaged in fisheries research in various parts of the world are comparing notes in Halifax this week—in conjunction with the meeting of the International Commission for the Northwest Atlantic Fisheries which opens in Halifax on Monday.
>
> The biologists and marine research experts began their talks and panel discussions yesterday at the administration building of Dalhousie University.
>
> Representatives of 11 of the 12 member-countries of the Commission were in attendance. Russia, the latest country to join the convention, was not represented at the opening-day meetings but the U.S.S.R. delegates are expected to arrive today.
>
> Dr. Lionel Walford, Washington, D.C., chief of the Atlantic Oceanographic Fisheries Research Centre of U.S. Commercial Fisheries, is presiding over the meetings.

Conservation of the fisheries of the Northwest Atlantic is the main concern of the convention. Dr. Walford said "We are trying to develop a scientific basis for the rational utilization of the resources of these waters."

Honourable senators, there is one branch of the fisheries in which I am very much concerned, that is, the lobster fisheries. I started with lobsters myself about 56 years ago, and bought them for a great many years. I view with alarm the fact that lobsters have been gradually decreasing, and I am afraid that if it continues that way the lobster fisheries will, within a few years, become a thing of the past.

I notice that the federal Department of Fisheries is experimenting on new ways of catching lobsters. It has developed a new trap this year. Divers have been sent to the west part of Nova Scotia to study how lobsters are getting into the traps, and they have been tagging lobsters during recent years to find out how fast they were travelling. I commend the department for having done all those things, but I would like to see something done, if at all possible, to multiply or to try to restore the lobsters and to try to increase the catch. Maybe that is hoping for too much, but I see that in Nova Scotia there are two fish hatcheries in which trout are hatched to replenish the lakes and rivers of the province. I really believe it would be feasible to have a lobster hatchery, but I may be absolutely wrong. However, it has been my dream for quite a long time to have a lobster hatchery, and since I believe it would be feasible I would like to see one started. I do not suggest for a moment that a large amount of money should be granted; I believe that $4,000 or $5,000 as an experiment would fill the bill, and then if it proved successful the department could enlarge.

Senators who come from the Maritime provinces have seen lobsters with thousands of small spawns attached to them. Fishermen call them eggs, but they are really spawns, about the size of a turnip seed. If those eggs, or spawns, were hatched and allowed to grow, one lobster would supply 25 fishermen for a whole season. At present, in the absence of hatcheries, I am afraid that after the spawns are hatched, schools of fish, such as cod, haddock, and others, eat the small lobsters before they grow to any size. If there were a hatchery, a small building, to be used as an experiment, perhaps five or six feet long, made of glass, with a false bottom, and five or six of these spawn lobsters were put in a vat, the experiment would be well worth while. When fishermen catch them with the eggs or spawns attached they are supposed to put them back in the sea. Well, if five or six of those were put in a vat and installed in a small building with glass observation windows, then a scientist—a biologist, if you prefer that term—could study the hatching and growth of these lobsters, and I believe this experiment would be most profitable for the fishermen. If the young lobsters were left in that vat until they formed their shell and grew to two and a half inches or three inches long, and then, as is done with trout fingerlings, if they were to put them back into the sea, they could take care of themselves and not be destroyed as they are today.

That honourable senators, was the purpose of the few remarks I wanted to make. I would like to see the department take action along these lines. I believe the fishermen of the Maritime provinces would approve of such a course because, as you know, lobsters are caught only in the eastern part of Canada, in the Maritime provinces and along the coast of Maine.

I have seen quite a number of changes in the industry in my lifetime. Last winter I went down to the wharf and bought twenty lobsters, for which I paid $12. I told the fishermen that I had seen the day when I could have bought twenty such lobsters for 10 cents—the whole lot, mind you, for 10 cents. That was about seventy years ago, if you please.

Hon. Mr. McKeen: Where did you get the 10 cents?

Hon. Mr. Comeau: In those days lobsters were not being shipped to Boston. You could pick them up along the shore at low tide. I am sure the honourable senator from Queens-Shelburne (Hon. Mr. Smith) can bear me out in this. I remember going with my father at low tide and picking a bagful, maybe a hundred lobsters.

Honourable senators, those are the only remarks that I have to make. I apologize for bringing up a subject which I know cannot be very interesting for honourable senators from British Columbia, because there are no lobsters on the Pacific coast.

Hon. Mr. Reid: We are interested, though.

Hon. Mr. McKeen: We have lots of crabs on the Pacific coast.

Hon. Mr. Comeau: I really hope the department will study the matter. If my suggestion proves to be good I will have performed a service for the fishermen of the Maritime provinces.

I would like to show honourable senators a picture of a lobster that was caught last week by two gentlemen from Lunenburg county. This picture is in the Halifax *Chronicle-Herald*. The lobster weighed 30 pounds and was four feet long. That is the kind of fish we catch in the Maritimes.

Hon. George H. Barbour: Honourable senators, I first want to congratulate the Honourable the Speaker on his reappointment to the high office which he so eminently filled during the last session. Also I want to compliment the new senators. I am sure they have found in this chamber the friendly feeling which former senators found when they first came here. To the mover and the seconder of the motion for an Address I extend my warmest congratulations on the high order and excellent delivery of their speeches.

To the retiring Leader of the Government (Hon. Mr. Haig) I would like to extend very best wishes, and the hope that he will continue to serve in the Senate for many years to come. To the new Leader (Hon. Mr. Aseltine) I want to say that if I were asked what qualifications a man should have in order to equip him to occupy this position I could not think of anything better than service in this chamber and participation in its deliberations for 22 years under Liberal leadership. I feel honourable senators will agree with me that our new leader is well qualified, and we are glad to see him in that position.

I turn now to the Speech from the Throne, one paragraph of which reads as follows:

> My Government regrets to have to report that efforts to avert a strike of firemen on the Canadian Pacific Railway were unsuccessful.

I am sure all honourable senators will agree with the Government in that statement. This country is what it is because people worked, and worked hard. Honourable senators who are here in this house did not come through life along an easy path, but rather they worked hard and produced for the country. Now, the Canadian Pacific Railway is a private organization. We also have a Government-owned railway, the Canadian National. If you travel from Halifax to Vancouver and observe the trains that you travel on, go through the different railway stations and yards—in Moncton, for instance, the Canadian National is building a freight yard which covers eight acres of ground—and take a look at the trackage in Montreal and all over the country, you cannot help being impressed by the tremendous amount of equipment that is in use.

I believe all honourable senators have received a copy of the annual report of the Canadian National Railways. In it I read that the company is asking for more money at this time when the cost of living is about the highest in any period in our history. The report contains a chart which shows that employees receive 56.8 per cent of the dollar that the railway takes in, plus 5.4 per cent in pensions and health and welfare benefits, making a total of 62.2 per cent. I think it is time the railwaymen considered the fact that the railway needs a greater share of this revenue than it is now getting, in view of the balance sheet for this year which shows a deficit of $29,500,000. I have known quite a few railwaymen who were looking for jobs, and there always seemed to be a dozen or more looking for the one job; but after the men were placed in a job for a while they began to look for more pay. I do not think it is always the men themselves who are seeking higher pay, but that some of the officials higher up urge them to do so.

Hon. Mr. Quinn: It is the agitators, the officials of the labour organizations.

Hon. Mr. Barbour: I mean the officials of the union.

The Speech from the Throne has this also to say:

> You will be asked immediately to amend the Unemployment Insurance Act in order to extend for a further six weeks, during the current year, the period during which special seasonal benefits may be paid.

I think this Government should have a very warm spot in its heart for the St. Laurent administration, the last Liberal Government. When the present administration came into office, in June 1957, it found during the following winter that there was more unemployment than there had been in previous years. It also found that through wise planning and sound legislation on the part of the previous administration there was more than $900 million in the Unemployment Insurance Fund. Now, it did not take much thought or planning to extend by two months the period during which unemployment benefits would be paid. That is what the Government chose to do last session. At the present session we have already passed legislation granting a further extension for the payment of seasonal unemployment benefits until June 29.

I am of the opinion that this action is not going to help the present Government. The Unemployment Insurance Act was created for a purpose, namely, to carry people over the winter months when unemployment occurred, and the employee, the employer and the Government contributed to the fund. The extension of time over which benefits may be paid will, I think, create unemployment rather than prevent it. If times next winter are about as they are now I would not be at all surprised if we have more and more people looking for unemployment insurance.

I come next to the housing bill, under which some $350 million was allocated for the building of houses. I wonder whether

this money was not provided principally to create work rather than to build houses for people who need a place to live in. If the purpose was to create employment, then I think the Government is getting into a vulnerable position. It is supplying money or guaranteeing the loan of money to build houses, and is selling them to the people. This is a type of class legislation, because a prospective purchaser has to be earning so much money before he can buy such a house.

I do not want to preach blue ruin, but I would remind honourable senators of the Farmers' Creditors Arrangement Act which was brought in to assist farmers by reducing the principal and interest payments which they were committed to pay. The terms of purchase under which many of the first farms were bought by returned men after the First World War had to be changed. It is quite possible that some day something of that nature may have to be done to assist the people who are now buying houses with heavy carrying charges.

Honourable senators, I did not intend to speak in this debate, and I would not have taken part in it, but for the fact that I wished to refer to a measure which Parliament passed last session known as the Agricultural Stabilization Act. On this subject the Speech from the Throne has this to say:

> Unremitting efforts are being made to sell Canadian agricultural and fisheries products in the markets of the world and considerably larger exports of wheat and cattle have been made. Support prices have now been established for a considerable number of products under the Agricultural Stabilization Act to carry into effect, for the current year, the desire of Parliament that agriculture should be thus assisted to realize fair returns for its labour and investment.

Honourable senators will recall that that legislation named nine commodities which were to have a floor price of 80 per cent of the average price for the previous 10 years. When the bill was before the Senate I asked why potatoes were not included in the list of commodities, because they are a very important item in the economy of Prince Edward Island. I was told that potatoes were provided for in another part of the bill.

During the recent election campaign Liberal speakers claimed that potatoes were not protected by this legislation, and on the television and over the radio I heard Government speakers say that they were protected. Indeed, I heard one minister say that the floor was not limited to 80 per cent of the average price but could go as high as $1.30. As honourable senators know, the price of potatoes often fluctuates a good deal in a short time. In March there were snow storms, the roads were bad and at one time the cold weather pushed the price of potatoes up to $2.50 for 75 pounds; it levelled off to $2, and then went down and down until they are now selling at 50 cents or less for 75 pounds. A delegation of two representatives of the potato growers in my province came to Ottawa to see what could be done about it, but nothing happened. Then a week or ten days ago the provincial Minister of Agriculture came up here, bringing with him the President and other members of the Marketing Board. On their return they said they had met with members of the Government who were interested in their problem, but nothing was done about it. The editor of the Charlottetown *Guardian* which is and has been for many years a strong Conservative paper, wrote a scorching editorial—I have it in my room, but did not bring it down to the chamber—asking why the potato growers were not being taken care of under the Agricultural Stabilization Act.

Potatoes certainly mean a good deal to the economy of our people. Last winter, especially in March and April, there was a lot of snow. The roads were plowed with snow-plows; there was no frost in the ground; and people whose potatoes were stored a few miles from the railroad, say six or eight miles away, found it impossible to get them out, while those who had them in warehouses nearby were able to sell them. Now these people with unsold potatoes are in an unfortunate position, and the Government, so far as I know, has done nothing about it. This week both the ex-leader and the present leader of the Conservative party in the province came to Ottawa about this business, having taken the trouble to drive all the way. I have known them for many years, and they are fine men. They are now on their way back, and so far as I know, no action has been taken.

Now, potato farmers are not "pikers". If the Government does not intend to live up to its contract or do what it promised to do, I believe they will be quite satisfied to have potatoes and other vegetables removed from the Agricultural Stabilization Act and all the other measures which were taken to support vegetable prices. Then they would know that they would not get any support and they would be on their own. A good many of them, in fact, would rather be in that position. But that is the state of affairs today. I do not know what will be done about it, but something should be done. Perhaps the honourable Leader of the Government in the Senate (Hon. Mr. Aseltine) will take the matter up with the Minister of Agriculture and get some action. When the Agricultural Stabilization Bill was being put through the house the sponsor told us that the price of certain named commodities would be set early in

the year. I asked when, and was told that the date would be as near to January as possible. We were told on several occasions that these prices would be announced before the farmers planted their seed, so they would know what they were going to get. Now the grain is coming up, potatoes have been planted, and so far as I know there has been no announcement of prices having been set for wheat, oats or barley.

Hon. Mr. MacDonald: Before the honourable gentleman leaves the subject of potatoes, would he mind if I say a word or two?

Hon. Mr. Barbour: If the honourable senator wants to ask a question, it is all right with me.

Hon. Mr. MacDonald: I would put the question in this way, if I am permitted, honourable senators. I have here a report referring to the Minister of Agriculture for the Island, who was here a few days ago—

Hon. Mr. Barbour: You want to make a speech, do you?

Hon. Mr. MacDonald: Not exactly.

Hon. Mr. Barbour: Well, go ahead. I would like to be helpful.

Hon. Mr. MacDonald: I would like to quote the minister's remarks.

Some Hon. Senators: No, no.

The Hon. the Speaker: The honourable gentleman should state his question.

Hon. Mr. MacDonald: Very well, I shot my bolt last week. But negotiations between the federal Government and the potato growers are still pending.

Hon. Mr. Barbour: That is the trouble. As all these gentlemen have found, things are "still pending". In this connection I saw an editorial in the *Guardian*, whose editor is known to the honourable senator from Queens (Hon. Mr. MacDonald). It is not very complimentary to the Government.

The other day my honourable colleague from Queens said some good things about the Island. However, I would rather let others deal with this. I am more interested in the provision of transportation to and from the Island. We have one good ferry, and there is another, well over 40 years old, which was built on the Clyde, in Scotland.

Hon. Mr. Reid: Then it is a good boat!

Hon. Mr. Barbour: We have also at Tormentine an old ferry which used to run between Cape Breton and the mainland before the Canso Causeway was built. I think the Government would be well advised to provide another boat as soon as possible for the Borden-Tormentine service. I know there is talk of building a causeway, and engineers, I believe from Vancouver, are working on the project. If it is found feasible it may be constructed some time, but I am very much afraid that we shall need more transportation before the causeway is built.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Crerar, debate adjourned.

CANADA AGRICULTURAL PRODUCTS STANDARDS BILL

SECOND READING

Hon. Lionel Choquette moved the second reading of Bill C-17, to amend the Canada Agricultural Products Standards Act.

He said: Honourable senators, the purpose of this bill is to permit the establishment of federal grade standards for leaf tobacco. It involves a very brief amendment to paragraph (a) of section 2 of the Canada Agricultural Products Standards Act, to add the words "leaf tobacco" to the list of commodities for which grades may be adopted by regulation under that act. The term "leaf tobacco" applies to the form in which tobacco is sold by growers to processors. The authority for grades, which will be conveyed by this bill, does not apply to tobacco in processed or manufactured form.

When the Agricultural Standards Act was introduced to Parliament in 1955, bringing authority for the grading of agricultural products under one statute, it was not then contemplated that grade standards would be required for tobacco. Buyers then purchased tobacco from growers by complete crops. Last year the Ontario Flue-Cured Tobacco Growers' Marketing Board was established under the authority of the Ontario Farm Products Marketing Act. The new board decided to sell the tobacco by grade at auction. To establish confidence with growers and buyers, it desired to have official grade standards established and to pack and sell their tobacco by those grades under the supervision of Department of Agricuture inspectors.

The grading of agricutural products touches fields of both federal and provincial jurisdiction. To avoid conflicting grade standards in their respective jurisdictions, it is accepted practice for grades to be established under federal legislation and for the provinces to adopt similar grades to cover products moving within provincial borders. It is also accepted procedure for federal inspectors to

supervise grading under both federal and provincial statutes. For this purpose the provinces designate them as inspectors under their legislation.

Since there was no authority last year for the establishment of federal grades for leaf tobacco, and since Ontario did have the necessary statute, that province established grades in close consultation with the federal Department of Agricuture. An inspection service was provided by that department, consisting of one full-time officer and six seasonal inspectors for the period of the auction. These men were designated by the province as inspectors under their legislation.

The passing of this bill will permit establishment of federal grades. These grades will then be available to growers to use as they may wish on tobacco moving in interprovincial trade and to serve as a basis to which provincial grades can be adapted as the need arises.

Honourable senators may be interested to know that a vote is now being taken in Quebec, under the Quebec Agricultural Marketing Board, which could also result in the formation of a Tobacco Marketing Board in that province.

Hon. William H. Taylor (Norfolk): Honourable senators, owing to the fact that I operated two tobacco farms for about 15 years, perhaps I should say a few words with respect to this bill. As the honourable senator from Ottawa East (Hon. Mr. Choquette) just explained, the purpose of this bill is to amend the Canada Agricultural Products Standards Act to include leaf tobacco. I would point out that we are being asked to amend an act thas has never been proclaimed by the Government of Canada. I believe we can all agree that the establishment of federal grades for livestock—including fur-bearing animals raised in captivity—eggs, poultry, milk, vegetables, fruit, honey and maple syrup, and the products thereof, have proven beneficial to the producer, processor and the consumer of Canada, and by adding leaf tobacco to the present list we will do something that will be beneficial to the tobacco industry.

I would like to inform the honourable senator who explained this bill that the Ontario Flue-Cured Tobacco Association has been grading tobacco by a system of grades set up by the association in 1936 for the purpose of determining distribution and price. Since 1936 the tobacco has been graded in crops according to those standards and then sold on the market by crops. This did not prove entirely satisfactory, and last year the Ontario growers of flue-cured tobacco overwhelmingly voted in favour of producing and selling their crops under the Ontario Natural Products Marketing Act. This necessitated establishment of official grade standards so that they might pack their tobacco and offer it for sale under those grades. They had to change the form of selling tobacco from the crop-sale system to what is known as the Dutch clock system, under which grades of tobacco are put up in bales for sale. This proved so satisfactory to producers that under the present grading system as used by the Ontario Flue-Cured Tobacco Growers' Marketing Board approximately 148 million pounds of tobacco were sold within 98 days of the system going into effect. So I think we can agree it worked very well.

Where grades are established by regulation I would strongly urge that the regulated grades be established as near as possible on the grade basis that the producer and processor have become accustomed to, otherwise the market would be seriously disturbed.

The honourable senator from Ottawa East explained the method under which grading is done. It is graded by the provincial graders in Ontario and then inspected by the federal inspectors. That practice is for leaf tobacco entirely, and just here I might explain that the method of marketing the tobacco is that the producer places in bales of about 70 pounds weight the leaf tobacco in different grades, and as it is delivered to the sales barns the graders inspect each bale of tobacco and label it, subject to federal Government inspection. As the tobacco is offered for sale by the Dutch clock system it is important that every bale of tobacco be properly graded and labelled. As soon as it is sold it is placed in large hogsheads of about 500 pounds, and under certain humidity conditions it is pressed tightly. This is the condition in which it remains for processing, aging, for one year to 18 months, before being used for the manufacture of tobacco. What I was doubtful about with respect to the explanation of leaf tobacco is this. When does it change from leaf tobacco into manufactured tobacco? Is it when it is sold by the grower to the manufacturer who starts to process it? Is it when it goes into storage with the manufacturer? I might say that some of the tobacco is already stemmed before it is put into hogshead containers. I am in some doubt as to when tobacco is changed from leaf tobacco into processed or manufactured tobacco.

Honourable senators, I would not expect this bill to affect the export market greatly as I would assume all tobacco exported is processed, but it will affect the interprovincial trade, and the establishment of uniform

grades will prove beneficial. The future of the tobacco industry in that section of Ontario in which I live is dependent to a great extent on the export market. Of the 160 million pounds produced in the dominion of Canada, about 148 million pounds are produced in that area, and as a result it has reached the saturation point, and more, for domestic use. For that reason it is essential that the export market be developed. We have been exporting last year from 25 to 40 million pounds of tobacco, but I am not sure whether that is leaf or processed tobacco, because none of it goes abroad until it has been put into the processing system. I want to urge the Government to consider assistance to the tobacco growers in the foreign market. A great deal of help can be given by lowering of the excise tax on cigarettes; that would help the domestic market.

Honourable senators, I think we should support this bill, and I am prepared and will be pleased to vote for second reading. Although the act has never yet been proclaimed, and we are amending it, I believe the bill would benefit the tobacco growers of this country.

Hon. Mr. Quinn: Is it not unusual to have an amendment made to a bill which has not yet been proclaimed? Has it been done before?

Hon. Mr. Taylor (Norfolk): I think probably the honourable senator should direct that question to some one more experienced in governmental work than I am.

Hon. Mr. Macdonald: I think I can say it is most unusual, but it is not irregular. The bill is on the statute book, but it has not been proclaimed; and when it is proclaimed it will be proclaimed as amended.

Hon. Mr. Aseltine: That is correct.

Hon. Mr. Taylor (Norfolk): Honourable senators, by way of explanation, I may say that at present the grading is all done under an individual act for each product, but when the Canada Agricultural Products Standards Act is proclaimed it will cover all the products, including leaf tobacco.

Hon. Cyrille Vaillancourt: Honourable senators, in speaking on this bill I do not know if it would be in order for me to refer to maple syrup, a product in which I am especially interested. Before the law is proclaimed we have to ask the Department of Agriculture for the right kind of classification of the products named in the act. We often see products labelled with the word "Maple", but the producers should be required to say whether or not these products are "Pure Maple". Many manufacturers outside the province of Quebec, as well as many in that province, use the words "Artificial Flavouring" or "Artificial Maple Flavour" on their labels. Not only syrup, but various kinds of chocolates, candy, ice cream and other products are labelled as having a maple flavour, when in fact they do not contain one drop of maple sap. We have tried for many years to arrive at a solution of this difficulty. As honourable senators know, for many years the army used the light grade in Quebec. Some manufacturers bought poor, cheap maple products, changed the flavour completely, and the product was practically like poison for the army. Poor maple sugar, artificially coloured, is sold as "pure light" maple syrup. I do not know if the experts can do anything to overcome this, but I assure honourable senators that if I am asked for some suggestions I shall be pleased to give them. I am happy that the Quebec Government grades the products perfectly, but unfortunately there is not the same control when the product is shipped to other provinces, and that causes another problem.

Hon. A. K. Hugessen: Honourable senators, in view of the last two speeches I think that it would be advisable to have this bill sent to a committee, so that the appropriate departmental officials would be in a position to explain some of the questions that are being raised.

My only purpose in rising is to express some slight doubt as to the wisdom of—or perhaps to express a warning against—extension of this act, which, incidentally, has not yet been proclaimed, to more products than are absolutely essential. If honourable senators will look at the act which was passed three years ago, but which has not as yet been proclaimed, that is, the Canada Agricultural Products Standards Act, they will see that it is in its terms capable of being made extremely restrictive of many kinds of trade. It permits the Governor in Council to establish grades for various classes of agricultural products, to prescribe the terms and conditions under which they can be sold, to prevent them from being sold either internally or in export markets. He can prohibit importation into Canada, or exportation out of Canada, of these products, and he may make any number of regulations of a very far-reaching character with respect to these products.

Now, in its original form the act relates merely to articles of human food, namely, "livestock, eggs, poultry, milk, vegetables, fruit, honey and maple syrup, and products thereof", and there may be some argument for giving the Governor in Council, under legislation of this kind, very extensive powers

of regulation when it is a matter of regulating the quality of human food. But now we are asked to extend the act to leaf tobacco. I do not object offhand to that, but I merely wish to point out to the Senate that it is a very strong piece of legislation which can be used to restrict trading in the articles to which it refers, very severely indeed, and we should, I think, be careful before we add more products to the list of articles that are to be subject to this act. That is why I would support reference of the bill to a standing committee.

Hon. Mr. Aseltine: That is quite agreeable.

Hon. Mr. Croll: Did I understand the honourable leader of the house to say that he was agreeable to reference of this bill to a committee?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Croll: That makes my speech unnecessary.

Hon. W. Ross Macdonald: Honourable senators, I agree with the proposal that the bill should be sent to committee for the reasons which have already been stated. Also I think we should have an explanation as to why the bill which was passed in 1955 and received royal assent that year has not been proclaimed. That is, I think most unusual. There may be other unproclaimed statutes that have been standing on the statute book for that length of time or longer, but there must be some special reason for the delay in this case. I can imagine the Government introducing a bill and, after it has been passed, coming to the conclusion that it would be better not to proclaim it. But in this instance that is not the case. The Government says this act is a good one; in fact, so good that it is desirable to extend its provisions. Now if that has been the case for the last three years, why has it not been proclaimed? I think we should be given a clear explanation of that. I may be wrong, and it may have been thought for some time that it was not a good act. In any event we should be told why it has not been proclaimed. Was it considered to be bad? And has it now been decided that it is good and will be proclaimed?

As I have said, I agree that we should send the bill to committee. There we shall be able to see if there is any objection to it. I followed with great interest the address of the honourable senator from Norfolk (Hon. Mr. Taylor). He knows a great deal about the grading and selling of tobacco and he has explained that within the last year there has been a change in the method of selling. Certain proposals as to grading have now been made. I recall that when the change in procedure was first proposed there was a great deal of controversy among the growers as to the advisability of making this change. My recollection is that, when the vote was taken, there was quite strong support for the charge, but there was some objection to it. Now, honourable senators, I think we have always taken the stand that a minority should be heard, so if there is a minority which objects to the proposed methods of grading we should hear their voice in our committee.

For that reason, honourable senators, I cannot see the need for any rush in passing this bill through the house. I do not think the committee should sit tomorrow and put the bill through. The act has been standing for three years, so surely we can wait a couple of weeks. I would suggest to the honourable Leader of the Government (Hon. Mr. Aseltine) that if this bill goes to committee we should not set a date for the hearing on this bill for at least a week or ten days.

Hon. Felix P. Quinn: Honourable senators, I also am wondering why this act has not been proclaimed, and I am also wondering why the honourable Leader of the Opposition (Hon. Mr. Macdonald) wonders, because no member of this chamber should be in a better position to know the reason than he is. He was a member of the Government that passed the legislation in 1955 and that same Government held office until June of last year. Now, why should he not be able to tell us the reason why it was not proclaimed?

Hon. Mr. Macdonald: Honourable senators, I happen to know one reason why it was not proclaimed but I think we should hear the officials of the department. This act was a consolidation of the Canada Dairy Products Act, the Fruit, Vegetables and Honey Act, the Livestock and Livestock Products Act, the Meat and Canned Foods Act and the Maple Products Industry Act. I understand that there are regulations under all these acts, but apparently over all these years the department was not satisfied with the regulations that were proposed in connection with this act. I do not wish to go into the matter any further until we get some information from those close to the responsibility for carrying out that act as to why it was not proclaimed.

Hon. W. M. Aseltine: Honourable senators, I think I could give the explanation but I do not propose to do so. Like the honourable Leader of the Opposition (Hon. Mr. Macdonald) I would prefer to have departmental officials give us the explanation in committee. I suggest that the committee should meet tomorrow and plan how it is going to

handle this bill and how far it wants to go with it. Probably a representative of the Department of Agriculture could be called in to give an explanation, and then the committee could decide whether it wanted to hold further meetings or not.

Hon. Mr. Macdonald: I think that is a good idea.

Hon. Arthur W. Roebuck: Honourable senators, I want to say just a word about this bill and to thank the honourable senator from Inkerman (Hon. Mr. Hugessen), for recalling to my mind by his speech some of the remarks made by me when the original bill was before us. The original bill—which is now the act that we are asked to amend—was not received with unanimous acceptance by the supporters of the Government that proposed it at that time. I remember very well attacking it. I did not like it at all. For instance, section 5 (1) of the act provides:

> The Governor in Council may make regulations for prohibiting:
> (a) importation into Canada,
> (b) exportation out of Canada or
> (c) sending or conveyance from one province to another of an agricultural product of any class unless it complies with prescribed standards, has been prepared in accordance with prescribed conditions and is packed and marked in prescribed manner.

In other words the department was taking unto itself the power to make regulations interfering with importation into Canada and exportation out of Canada—foreign trade and interprovincial trade—putting into the hands of officials power to do things that I said at that time should be reserved for Parliament only. I did not like that bill. I thought it was another case of officials of a department, with the bureaucratic ideas that so many of them manifest, reaching for powers which they should not have.

However, the bill was passed, and my guess is that the members of that department have wanted it to be proclaimed but found resistance in cabinet circles to doing so.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Roebuck: That is my suggestion. I have no knowledge, but I think that is what it is.

Hon. Mr. Reid: That is a fact.

Hon. Mr. Roebuck: They have not got away with it, and now with the new cabinet they are wishing to extend these powers still further and then no doubt get the newcomers to proclaim the bill.

Hon. Mr. Aseltine: At the request of the tobacco people.

Hon. Mr. Roebuck: Well, it may be at the request of the tobacco people, but that is not a good excuse for giving such wide powers to any department of Government.

So, honourable senators, I am all for referring this bill to committee and not acting too hastily on it. Let us take our time about this matter. Do not rush it through. The honourable Leader of the Opposition (Hon. Mr. Macdonald) pointed out that the act has stood now for three years, and in my judgment it would not be a bad thing to let it stand for another three years. At all events, let us not push it through too rapidly.

Hon. Austin C. Taylor (Westmorland): Honourable senators, I would like to say a few words in connection with this proposed amendment. We are perhaps losing sight of the fact that the bill would not change the act itself, but provides only for the bringing in of one commodity under the regulations of the act. This is a product which the producers want to come under the provisions of the act when it is proclaimed and when the regulations are passed.

I have had a good deal to do with the administration of regulations under various provincial acts, and I know what has been the practice over the years. In the beginning it was necessary for a provincial Government only to pass an order in council bringing certain sections of a particular federal act into force in that province. Later on, as a result of a test case of one of the marketing or grading acts, it was found necessary for the province to pass an act similar to that passed by the federal Government in relation to the marketing and grading of products which entered into interprovincial and export trade.

As I understand it, a province has jurisdiction to enact legislation, to set up standards and to pass regulations with respect to any agricultural commodity that is sold and consumed within that province, but when that commodity goes into the interprovincial or export trade it then comes within the jurisdiction of the federal Government. Because of that situation, certain acts have been passed by the federal Government with relation to specific products.

In my province of New Brunswick we passed in each case a similar act and similar regulations to those passed by the federal Government. In that way there could be no cause for misunderstanding or misconstruing of different standards in the enactments of the federal Government and those of the province. It was for that reason that identical regulations were passed.

I have really nothing to say about the act itself. It does, however, contain provisions

which are quite far reaching. But the important point in my opinion is that the producer of leaf tobacco now realizes that it is necessary for him to improve his product in order to satisfy the trade, because all consumers today are quality conscious. It is for that reason that he wants the act extended to include leaf tobacco. As I say, I understand every province has authority to pass such legislation with respect to any agricultural product consumed within the province, but if it is to be sold in the interprovincial or export trade it is necessary to have the product covered by the general federal legislation.

I am quite prepared to go along with honourable senators who feel that this measure should be referred to a committee, but I do not think we should lose sight of the fact that it is the producers themselves who want to sell a better product. The consumers also have asked for a better product, and surely we ought to be in a position to help them to get it.

It is true that the act has not been proclaimed, and that there may be certain features of it which do not recommend proclamation, but we are not interfering with the principle of the act. By the passage of this amendment we shall only be including in the act a product which the producers want included. I am wholly prepared to support the amendment.

Hon. Thomas Reid: Honourable senators, may I say one word about this measure? I remember well when the original bill was before us many of us objected to the handing over of the powers proposed by that bill. Many of us felt that the request for the legislation did not come entirely from the growers of the products or the producers of eggs, but from certain officials. The very fact that the act has not been proclaimed would lead me to believe that the growers, or those affected, have not seriously asked that the legislation be put in force. So far as I know, no strong representations have come from the growers or producers. We have always had legislation providing for inspection of eggs and poultry, but not with the powers contained in this legislation. One has to have the statute before him to realize the full import of it.

For these reasons I am very glad that this bill is to be referred to a committee. There will be more questions asked at that time, because I for one was not satisfied when the original bill was before this house.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Choquette: Honourable senators, I move that the bill be referred to the Standing Committee on Natural Resources.

Hon. Mr. Macdonald: May I ask the Leader of the Government whether he would consider having the committee meet to consider this bill ten days hence?

Hon. Mr. Aseltine: I think it would be better for the committee to meet tomorrow and decide at that time how far it wants to go. The committee could adjourn after its meeting tomorrow to some later date and not report the bill until it completed its investigation. In that way the public would have notice of the fact that the committee was meeting on this bill, and if any representations are to be made by the producers of the product in question they could make arrangements to come and be heard.

For those reasons, I suggest the committee should get started on its work tomorrow.

Motion agreed to.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 82 to 126, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the reports be adopted.

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-28, for the relief of Therese Beaudoin Girard.

Bill SD-29, for the relief of Dorothy Elizabeth Nairn Anderson Bloodsworth.

Bill SD-30, for the relief of Anne Marie Mathilde Vautelet Gagnier.

Bill SD-31, for the relief of William Leonard Mugford.

Bill SD-32, for the relief of James Clancy.

Bill SD-33, for the relief of Marjorie June Gabrielson Trainor.

Bill SD-34, for the relief of Kathleen Mitchell Cabana.

Bill SD-35, for the relief of Fernande Leduc Clarke.

Bill SD-36, for the relief of Ann Westwater Murphy.

Bill SD-37, for the relief of Gaynor Jenkins Douglas.

Bill SD-38, for the relief of Roland Paquin.

Bill SD-39, for the relief of Jone Vanda Skakauskaite Kaniewski.

Bill SD-40, for the relief of Ivy Elizabeth Shaw Labbee.

Bill SD-41, for the relief of Constance Jean Backhouse Brayton Lapierre.

Bill SD-42, for the relief of Lisbet Schlosser Wisternitz.

Bill SD-43, for the relief of Virginia Marshall Staniforth.

Bill SD-44, for the relief of Elie Kouri.

Bill SD-45, for the relief of Margaret Stirling Izett Brown.

Bill SD-46, for the relief of Norman Weisman.

Bill SD-47, for the relief of Dawn Yvonne Tonkin Kadas.

Bill SD-48, for the relief of Betty Taylor Sharpe.

Bill SD-49, for the relief of Doris Williams Timmins.

Bill SD-50, for the relief of Marjorie Mary Ellen Bowes Jupp.

Bill SD-51, for the relief of Earl Bruce Carswell.

Bill SD-52, for the relief of Beverly Joan Smithson Rook.

Bill SD-53, for the relief of Joseph Francois Gabriel Rene Denis.

Bill SD-54, for the relief of Solomon Seymour Yetman.

Bill SD-55, for the relief of Margaret St. Aubin Brennan.

Bill SD-56, for the relief of Margaret Patricia Winckworth Thornton Sherwin.

Bill SD-57, for the relief of Lidija Plesums Koppel.

Bill SD-58, for the relief of Vera Hamburg Colson.

Bill SD-59, for the relief of Margaret Griffin Clarke.

Bill SD-60, for the relief of Katie Miller Fisch.

Bill SD-61, for the relief of Greta Claire Van Valkenburg Stenstadvold.

Bill SD-62, for the relief of Beatrice Madeleine Schmid Layton.

Bill SD-63, for the relief of Anne Gold Zidile.

Bill SD-64, for the relief of Thomas Mastropaolo.

Motion agreed to and bills read second time, on division.

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

Hon. Mr. Roebuck: Next sitting.

UNITED KINGDOM PRIME MINISTER

TO ADDRESS MEMBERS OF BOTH HOUSES

Hon. Mr. Aseltine: Honourable senators, before I move adjournment of the house may I inform honourable senators that the Prime Minister of the United Kingdom is to be in Ottawa tomorrow and Friday, and at 10 o'clock on Friday morning he will address members of both houses of Parliament in the House of Commons chamber. I would like as many honourable senators as possible to be present in honour of the Prime Minister.

The Senate adjourned until tomorrow at 3 p.m.

57075-4—12½

THE SENATE

Thursday, June 12, 1958

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

Prayers.

Routine proceedings.

PROPERTY QUALIFICATIONS OF SENATORS

SUPPLEMENTARY RETURN TABLED

The Hon. the Speaker tabled a supplementary return, submitted by the Clerk of the Senate in accordance with a motion passed by the Senate on June 3, listing the names of members of the Senate who have renewed their declaration of property qualifications.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, seconded by the Honourable Senator Brunt, that when the Senate adjourns today it stand adjourned until Tuesday, June 24, 1958, at 8 o'clock in the evening.

Motion agreed to.

LAND USE

SPECIAL COMMITTEE APPOINTED TO CONDUCT INQUIRY

Hon. W. M. Aseltine: Honourable senators, I move, seconded by the honourable the Leader of the Opposition (Hon. Mr. Macdonald), the following motion standing in my name:

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the committee be composed of the Honourable Senators Barbour, Basha, Boucher, Bois, Bradette, Cameron, Crerar, Emerson, Gladstone, Golding, Hawkins, Horner, Inman, Leger, Leonard, MacDonald, McDonald, McGrand, Méthot, Molson, Pearson, Power, Smith (Kamloops), Stambaugh, Taylor (Norfolk), Taylor (Westmorland), Turgeon, Vaillancourt, Wall and White.

That the committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time.

That the evidence taken on the subject during the two preceding sessions be referred to the committee.

I do not intend to speak on this motion today, but I see that the honourable senator from Gulf (Hon. Mr. Power), who was chairman of the committee during two sessions, is here today, and I wonder if he would be kind enough to give us some information as to what has been done in the past, and what the prospects are for carrying on and accomplishing some good work in the future.

Hon. C. G. Power: Honourable senators, I thank the honourable Leader of the Senate for giving me an opportunity to make some observations with respect to the committee on land use. I should like to preface my remarks by saying that the study which this committee has undertaken is peculiarly a work which should be undertaken by this honourable body, the Senate. It is a long-range study, in that we have perhaps reached a stage in our Canadian economic development wherein we must begin to take some note of the natural resources which Providence has bestowed upon us and of the disappearance through our own negligence of a large portion of these resources. We have not, except in some rare instances, reached what I might call a state of emergency; but it behooves us to be on guard if we do not want to fall into the same condition as that into which a great many other nations have fallen, or if we do not even wish other regions or sections of our country to go through the experience such as has been had right here in the Ottawa Valley, where in order to swell the coffers of more or less piratical lumbermen we have felled practically all the pine forests. The same condition exists, perhaps to not quite such a large degree, on the south shore of the St. Lawrence, where through ill-advised colonization we have denuded a large part of the land which should have remained under forest cover, and allowed it to become practically either marginal farmland or farmland that can grow nothing except the rocks that nature placed there.

Now this Senate is peculiarly, as I said, a body which should make the study of matters of this kind, and particularly this matter of the conservation of our natural resources. There is not much publicity value in the work, and therefore it is perhaps more fitting that those of us who have reached the stage where publicity does not have the value that it may have had when we were in active politics should occupy ourselves with this work. Also there is not much partisan advantage to be gained from the work in one way or the other, so we can study these questions with the equanimity, the serenity and the decorum which is peculiarly fitted to our body.

Further, we have also within our ranks here persons who are well fitted to undertake careful consideration of matters of this kind. I was noticing this morning in the Committee on Natural Resources, where we were discussing an agricultural problem, that two

of our members had been Ministers of Agriculture in their respective provinces, one for a period of over twelve years. Sitting alongside me here is a gentleman who was Minister of Agriculture in the dominion Government many years ago (Hon. Mr. Crerar), and who later on in the course of his very estimable and exemplary career served this country as Minister of Mines and Natural Resources. We have among us men who have taken part in the development of waterpower, men who are actually still carrying on farming activities at their own homes; we have others who have been successful in the commercial or industrial field and who are endeavouring, without success, to carry on careers as gentlemen farmers. In other words, we have here, in a manner which does not exist in any other body in Canada, both the mental equipment for this kind of work and the manpower and womanpower capable of carrying it to a successful conclusion.

Now, with respect to the subject itself: It is so immense, so vast, covering the conservation of all natural resources, that it was possible for the committee to cover only the fringes of it. We heard witnesses, many of them men dedicated to the ideal of conservation, men from federal and provincial departments, persons connected with associations interested in a peculiar way, some in agriculture, some in forestry and in husbandry of various kinds. Perhaps, for information, I might be permitted to place on *Hansard* a list of the witnesses heard by the committee.

Some Hon. Senators: Agreed.

(The list of witnesses follows)

1957, FIRST SESSION

Committee meeting

No. 1, Thursday, February 14, 1957: Dr. A. Leahey, Field Husbandry Division, (Soil Survey), Department of Agriculture; Dean A. M. Shaw, Chairman, Agricultural Prices Support Board, Department of Agriculture.

No. 2, Thursday, February 21, 1957: Mr. A. Platt, President, Alberta Farmers Union; Mr. J. A. Cameron, President, Western Canada Reclamation Association; Mr. S. J. Chagnon, Assistant Deputy Minister, Dept. of Agriculture.

No. 3, Thursday, February 28, 1957: Mr. J. B. Lemoine, President, Union Catholique des Cultivateurs, Montreal, P.Q.; Mr. E. M. Taylor, Deputy Minister, Department of Agriculture, Fredericton, N.B.; Dr. F. W. Walsh, Deputy Minister, Dept. of Agriculture, Halifax, N.S.

No. 4, Thursday, March 7, 1957: Professor H. J. Spence-Sales, McGill University; Mr. George Spence, Commissioner, International Joint Commission; Mr. G. L. MacKenzie, Chief Engineer, P.F.R.A.

No. 5, Thursday, March 14, 1957: Mr. J. A. Vance, Chairman of the Board, Canadian Forestry Association; Mr. G. Harold Fisk, President, Canadian Forestry Association; Mr. J. L. Van Camp, General Manager, Canadian Forestry Association; Mr. W. A. E. Pepler, Manager, Woodlands Section, Canadian Pulp & Paper Association; Mr. L. Paquet, Chairman, Executive Committee, Canadian Forestry Association; Mr. E. Porter, Manager, Quebec Forest Industries Association; Dean J. W. B. Sisam, President, Canadian Institute of Forestry; Mr. Angus Hills, Chairman, Committee on Soils and Land Use, Canadian Institute of Forestry.

No. 6, Thursday, March 21, 1957: Mr. H. H. Hannam, President, Canadian Federation of Agriculture; Dr. E. C. Hope, Economist, Canadian Federation of Agriculture; Mr. David Kirk, Secretary-Treasurer, Canadian Federation of Agriculture; Mr. J. A. Garner, Chief Agricultural Officer, Ontario Dept. of Agriculture; Professor N. R. Richards, Dept. of Soils, Ontario Agricultural College; Dr. H. L. Patterson, Director, Farm Economics Branch, Ontario Dept. of Agriculture.

No. 7, Thursday, March 28, 1957: Mr. J. S. McGowan, Director of Colonization and Agriculture, Canadian National Railways; Mr. J. E. McCannel, Executive Secretary, Agricultural Institute of Canada.

1957, SECOND SESSION

No. 1, Thursday, November 21, 1957: Mr. William Houde, B.C.A., President, William Houde Ltd., La Prairie, Que.

No. 2, Thursday, November 28, 1957: Professor Donald Baillie, University of Toronto.

No. 3, Thursday, December 12, 1957: Report of the Committee.

Appendix A:—Brief by Dr. N. L. Nicholson, Director, Geographical Branch, Dept. of Mines and Technical Surveys.

Hon. Mr. Power: These witnesses imparted a great deal of very useful and, to most of us, extremely interesting information with regard to the broad lines of the conservation of soil and various facets of it; and their evidence served, in the minds of most of us in the committee, I think, to increase our desirability for further exploration, particularly in specific fields.

For instance, our inquiry touched on all manner of things in a general way dealing with soil, with water, with erosion by water and by wind, with drought and drainage. We came to the conclusion that the West was all dry and the East was all wet. We dealt with the mismanagement of land and its rehabilitation. We had glimpses of what was being done on the Palliser Triangle in the West, and some extremely difficult experiments being carried on in the bog and muskeg lands of Newfoundland. We dealt to a large extent with marginal land, but it was early brought home to us, I think, that though marginal land, its treatment, improvement and rehabilitation were important, there were other matters perhaps equally or more important in the whole sphere of land uses in Canada.

I have here what I might call a memorandum made to me personally by Mr. Spence, who the members of the committee will remember was loaned to the committee by the Department of Agriculture, and who aided us materially with the work which we had undertaken. In this memorandum Mr. Spence had this to say:

An inquiry into land use and water use as well, because the use of one cannot be thought of without that of the other, must go by only submarginal and marginal farms. Moreover, it cannot be confined to the narrow interests of the farmer, or the forester, or any other single group, because the

land and the water—and the virgin forests and the grasses thereon—are resources belonging to the nation. The users are merely custodians. From the time man commences to use these resources for his own betterment and that of mankind, he disturbs the ecological balance of nature and then arises problems of soil erosion, fertility maintenance, flooding and decreased water supplies, and a whole host of others related to land and water use. In too many cases there is a delay in the application of corrective measures until the land becomes noticeably less productive. Such occur even in the better farming areas. It is in the interests of everyone for the state to guide and direct the users of our land into husbandry practices which guard its productive capacity.

Already the committee's attention has been directed to a number of problem areas in land use by representatives of provincial and national organizations who have given evidence. A few of these, common to all provinces, are listed here:

(1) Areas where on account of an unproductive soil, lack of markets, absence of non-farm employment, it is impossible to make a living, nor even maintain an acceptable one, without continual assistance from outside sources. Such create what might be described as rural slums. The remedy may be to assist the occupants to locate elsewhere and the land used in forestry or grazing.

(2) Areas where prevail small inefficient farms for which there is a reasonable chance of aiding their occupants to increase their income by some form of outside assistance not presently available to them through existing institutions, and thus help them to raise their level of living.

(3) Areas of soil erosion and depletion of fertility vary according to the lay of the land and cultural practices. Even in more successful farming areas are found problems in soil erosion and the depletion of fertility. While the direct responsibility for solving these problems is that of the farmer, his circumstances may be such that he cannot adapt effective practices and it may be desirable for the state to assist him to do so.

(4) Problems in water resources and control are also problems in land use. Drainage may be required to increase productivity, diking to reduce hazards from flooding, or, on the other hand, of structures to impound water to raise water tables, or for storing water to irrigate.

Then he goes on to recommend in this memorandum:

It would seem that the committee's activity should be directed along the following lines. Study achievements of significance in a number of systematic programs designed to bring about better land and water use.

(1) Development of soil improvement associations by farmers themselves.

(2) Agency programs in restoring tree cover to non-arable lands.

In this connection may I say to honourable senators, particularly to members of the Committee, that the Canadian International Paper Company have undertaken over the last few years a very wide study in tree planting. They have in fact an establishment not far from here, at a place called Harrington, in the province of Quebec, where they have been carrying on experiments in tree planting and in reforestation which are extremely valuable. The president of this company has been asking members of the Committee to visit this establishment at the earliest possible date. Up to the present it has been found impossible to make the necessary arrangements, but I would suggest to the Committee which is now being constituted that they should take advantage of this opportunity to have an insight into methods which might be used to bring about reforestation of large areas of our country.

(3) Agency programs in re-grassing of poor lands.

(4) Work of River Valley Authorities of Ontario on flood control.

(5) Work of special committee appointed by Ontario Government on soil conservation.

(6) Work of Maritimes Marsh Reclamation.

(7) Certain phases of the work of the P.F.R.A. in western Canada.

I would almost suggest that this work of the P.F.R.A. in western Canada be given priority because I suspect, from having occasionally read some of the speeches and literature of the recent election campaign, that this is apt to become involved in politics in a very short time and it would perhaps be of some use to the community and to Canada at large if a non-partisan study were made as soon as possible.

(8) Work of Alberta Department of Agriculture Conservation and Land Utilization.

(9) Work of Saskatchewan District Land Utilization Committees.

It would appear advisable that at least one achievement in a land-and-water-use project from each province be studied. Then he goes on to make some suggestions, which perhaps I might pass on to honourable senators at this moment. They are that the committee, having studied the larger aspects of this question of land use, do now devote itself to the individual and specific elements that enter into it. To that end it would appear the committee, in order to do its work more efficiently, has reached the stage where it should avail itself of the services provided for it in the order of reference: technical and clerical personnel and possibly a secretary and counsel; and that the committee proceed to its work by means of subdividing into smaller committees which would have the right to travel and visit various projects which are now actually in operation—as, for instance, on the marshlands of the Minas Basin, in the Palliser Triangle, and in certain parts of Ontario, such as the Trent Valley, by the water authorities of that province. I think there are 13 or 14 projects of this kind. These subcommittees, having made a study and being then in a position to recommend whether or not that kind of work should be carried on more generally throughout the country, would in due course report to the main committee, which in turn would make a report to this house, and presumably that report would receive the consideration of the Government of the day.

That is why I say we have in our work reached a phase where we must come down

to specific steps, and I would urge the members of the committee to give some serious thought to this phase of the work that is before them. I would also like to add on my own behalf a word of warning and perhaps advice that there are constitutional as well as practical difficulties in the way of carrying out what might be considered specific recommendations. We should bear in mind that in this study, or in any specific study dealing with land, nearly all of what we call our natural resources are, under our Canadian constitution, a matter of provincial concern, and that the federal Government can rarely if ever take any action without the consent and co-operation of and consultation and association with the provinces. That is the first point I should like to make clear to honourable senators.

The second is that a large part of the lands which might be the subject-matter of inquiry, improvement or, in some cases, regulation, is privately owned and cannot or should not be dealt with without the consent of individual owners.

My third point is perhaps made out of deference to some of my friends of the Manchester school of thought, the light of which still burns, though more like a flickering flame in this age of electric light. This third point is that proposals leading to forcible evacuation of persons or involuntary control of land, in this country which by tradition at least is dedicated to individual freedom and protection of property rights, are apt, and rightly so, to meet with serious opposition. This last point deals with certain proposals which were put before us in all good faith and, I think, with a great deal of public spirit and public support behind them. They would have prevented owners of some lands from disposing of them as they desired because, according to the proposals, it was desirable in the general interest of the public that they remain as agricultural lands or be formed into what are called green belts or things of that kind.

The Niagara Peninsula, which is being invaded by industrial development, is one case in point. There was another case where one of our witnesses pointed out to us the danger of the city of Montreal growing so rapidly into the suburbs that some measure should be taken to prevent lands now under cultivation from passing into the hands of those who wish to subdivide them into rural dwelling places.

Before any committee makes recommendations which would run counter to the views of a great many people in this country, it would be well to give serious consideration to those views. That is the reason why I have added, on my own responsibility, certain suggestions or warnings with respect to the making of recommendations by this Committee on Land Use.

Honourable senators, because of the vast field of inquiry and because, as I have already tried to stress, this Senate is peculiarly fitted for this kind of work, I strongly endorse the motion made by the honourable Leader of the Government (Hon. Mr. Aseltine).

Hon. Mr. Aseltine: I thank the honourable senator from Gulf (Hon. Mr. Power) for giving us such a detailed and interesting report on the work of the Special Committee on Land Use, and also for his suggestions as to what should be done in the future.

I might interject here that on the trip I made to India last November I flew over a large area of apparently barren land which I was told had at one time been very fertile country. From the eastern end of the Mediterranean Sea until we came to the Valley of the Tigris and the Euphrates Rivers I could see nothing but desert, with scarcely any habitation of any kind. After we left that valley, which is said to have narrowed greatly over the years, until we reached the gulf, and on to Karachi, it was again all desert land. In my opinion, this inquiry into land use is a very important work, and I hope the committee will give it full attention, because we do not want anything like that to happen in Canada. I frequently go into the province of Quebec on fishing trips, and I could show honourable senators thousands of acres of land where not one tree has been left, land on which practically everything has been cut right down to the ground. The same thing has happened, to almost the same extent, in the Madawaska Valley of Ontario. I have been up there several times, and I can tell honourable senators that nothing is left in the way of forest which could be made into lumber for the building of houses and like purposes; all one finds is some poplar or small birch and other small growth. In my opinion a great many areas in Quebec, Ontario, Manitoba and Saskatchewan should be reforested and the wasteland made productive.

Honourable senators, that is all I wish to say at the present time, but perhaps someone else would like to speak on this subject. I hope that the motion, which is seconded by the Honourable the Leader of the Opposition (Hon. Mr. Macdonald), will meet with the full approval of the Senate.

Hon. W. Ross Macdonald: Honourable senators, I join with the Leader of the Government (Hon. Mr. Aseltine) in presenting this motion to the house, and I heartily endorse it. I listened with great interest to the remarks of the honourable senator from Gulf

(Hon. Mr. Power), and I am sure we are all deeply indebted to him for giving us such a fine presentation.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators have all had the privilege of reading the reports of the committee's proceedings during the past two sessions, even if it was impossible for some to attend the meetings. The honourable senator from Gulf has refreshed our memories, and brought very strongly to our attention what the committeee has already accomplished, what stands before it to be dealt with, and also the difficulties with which it is faced. I was quite impressed with his remarks regarding the control of privately owned property, and with his reminder that the question of property is essentially one for the provinces. Of course, the provinces, through the municipalities, have up to the present time controlled the exchange of real estate within the respective provincial boundaries. In practically every municipality there is a town planning board, which prevents a person from selling his property unless it is of a certain size, and unless it be used for certain purposes. That does prevent people from taking property and using it as freely as they might like to use it.

The honourable senator referred to a development that has taken place in many parts of Canada, namely, that much land which formerly was covered with trees has been laid bare. What concerns me greatly, and I hope the committee will go into this problem carefully, is the taking over of fine agricultural land by industry. I refer particularly to the Niagara district, which the honourable senator mentioned, and to nearby areas: for instance, the county of Halton, where there is excellent land for the growing of small fruits such as plums, peaches, pears and grapes, as well as strawberries and raspberries. This type of land is strictly limited in area. If one drives from Toronto, through Burlington and Hamilton, on to Niagara Falls, it will be found that a great proportion of that land has already been taken over for industrial purposes. Some may say, "Why shouldn't it be?" Well, all I can say is that we cannot have both fruit farming and industry conducted on the same land. As I have pointed out, town planning boards control what takes place within municipalities. It might have been possible to control the taking over of fruitland by industry, but already much of it has been transferred. The area of fruitland in Canada is not unlimited; on the contrary, it is very limited. I merely bring this to the attention of the house. It may be too late for our committee to look into the matter, but there is still a considerable quantity of this land left and I feel that the question of whether it can be preserved for farming rather than used for industry should be considered. Factories can be built elsewhere than in the finest orchards of Canada, and I trust the committee will give close consideration to this very important question.

Motion agreed to.

DIVORCE

PETITIONS—LAST FILING DATE

Hon. Arthur W. Roebuck: Honourable senators, before the Orders of the Day are proceeded with, may I call attention to the fact that the time for filing petitions of divorce for consideration at the current session will expire on June 23. After that date petitions may be filed but they will not be heard until the next session.

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-28, for the relief of Therese Beaudoin Girard.

Bill SD-29, for the relief of Dorothy Elizabeth Nairn Anderson Bloodsworth.

Bill SD-30, for the relief of Anne Marie Mathilde Vautelet Gagnier.

Bill SD-31, for the relief of William Leonard Mugford.

Bill SD-32, for the relief of James Clancy.

Bill SD-33, for the relief of Marjorie June Gabrielson Trainor.

Bill SD-34, for the relief of Kathleen Mitchell Cabana.

Bill SD-35, for the relief of Fernande Leduc Clarke.

Bill SD-36, for the relief of Ann Westwater Murphy.

Bill SD-37, for the relief of Gaynor Jenkins Douglas.

Bill SD-38, for the relief of Roland Paquin.

Bill SD-39, for the relief of Jone Vanda Skakauskaite Kaniewski.

Bill SD-40, for the relief of Ivy Elizabeth Shaw Labbee.

Bill SD-41, for the relief of Constance Jean Backhouse Brayton Lapierre.

Bill SD-42, for the relief of Lisbet Schlosser Wisternitz.

Bill SD-43, for the relief of Virginia Marshall Staniforth.

Bill SD-44, for the relief of Elie Kouri.

Bill SD-45, for the relief of Margaret Stirling Izett Brown.

Bill SD-46, for the relief of Norman Weisman.

Bill SD-47, for the relief of Dawn Yvonne Tonkin Kadas.

Bill SD-48, for the relief of Betty Taylor Sharpe.

Bill SD-49, for the relief of Doris Williams Timmins.

Bill SD-50, for the relief of Marjorie Mary Ellen Bowes Jupp.

Bill SD-51, for the relief of Earl Bruce Carswell.

Bill SD-52, for the relief of Beverly Joan Smithson Rook.

Bill SD-53, for the relief of Joseph Francois Gabriel Rene Denis.

Bill SD-54, for the relief of Solomon Seymour Yetman.

Bill SD-55, for the relief of Margaret St. Aubin Brennan.

Bill SD-57, for the relief of Lidija Plesums Koppel.

Bill SD-58, for the relief of Vera Hamburg Colson.

Bill SD-59, for the relief of Margaret Griffin Clarke.

Bill SD-60, for the relief of Katie Miller Fisch.

Bill SD-61, for the relief of Greta Claire Van Valkenburg Stenstadvold.

Bill SD-62, for the relief of Beatrice Madeleine Schmid Layton.

Bill SD-63, for the relief of Anne Gold Zidile.

Bill SD-64, for the relief of Thomas Mastropaolo.

Hon. Mr. Roebuck: Honourable senators, Bill SD-56, for the relief of Margaret Patricia Winckworth Thornton Sherwin, which was given second reading yesterday, is not included in this motion for third readings. There are some technical difficulties in connection with this particular bill, making it necessary to delay its third reading.

Motion agreed to, and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

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

Hon. T. A. Crerar: Honourable senators, what we call the Speech from the Throne affords an opportunity for a very wide-ranging discussion of our public affairs. The political landscape is almost illimitable in its extent. The custom, or rather the practice, of discussing the Speech from the Throne has of course a far-reaching significance that goes back a great many decades—even centuries, when sovereigns had great authoritarian power. Parliaments in those days insisted on discussing grievances before they voted supply to the sovereign, and that, historically, is the position that we are in today. Of course customs and conditions have changed, but it is well to keep within our established practice this matter of discussing grievances, because today there are occasional signs of a tendency for centralization of power in the hands of the executive. That is true not only here but it is a common complaint in most parliamentary assemblies, and we have seen only within recent days a rather striking illustration of the truth of what I have said in the experience of that great old country of France.

The debate on the Address is a debate on the Speech from the Throne. A few weeks ago His Excellency presented to us a speech —not that he had anything to do with writing it or preparing it—that was put into his hands by the Government of the day and his expression, his reading of the speech to Parliament was simply an indication of what the program of the Government is to be for the present session of Parliament. Now, to be quite frank, and I am quite sure my colleagues in this house will not be surprised if I am a bit frank, the Speech from the Throne to me was a good deal of a disappointment and that for reasons which I shall presently endeavour to enumerate.

But if the Speech from the Throne was a disappointment to me there was no disappointment in the excellent speeches of the mover and the seconder of the motion to adopt the Address. They distinguished themselves, and I say that with full sincerity. Unfortunately, I could not follow the speech of the mover (Hon. Mr. Monette), but I read it and it was an excellent performance. The junior senator from Winnipeg (Hon. Mr. Thorvaldson), who seconded the address, spoke with a confidence that I was delighted to see and his contribution was a very worthwhile one. After all, this country is made up of diverse elements. There is no part of our Canadian population that has made any greater contribution to our culture, industry and the professions than the people to which the honourable senator belongs.

It does seem as if there is something in a man's origins, something in the environment from which he came, which greatly influences

his later life. In my musing moments,—and as I grow older, they come more frequently —I sometimes wonder how it is that a small country like Iceland, barren of almost all resources excepting the resources from the sea, could develop and send abroad the strain and kind of people we have received from that little island. And the same thing can be said of countries from which other elements in our population have come. It does seem to me that that is a circumstance worth pondering, particularly in these days when the apparent overwhelming desire is to give the people as easy a life as may be possible. The sturdy oak tree and the pine tree often grow on the rough hillside exposed to all the elements of nature and I am not too certain, honourable senators, that there is not something in that fact that can have a very broad human application.

There are other compliments I shall have to pay, but don't think the matter of paying compliments is an empty gesture, by any means. I should like to express a word of good wishes to the new Leader of the Government forces in this house, (Hon. Mr. Aseltine). We all wish him well.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: Of course, occasions will arise when we may have to correct him, but with that fine philosophical temperament which he possesses, I have no doubt he will receive our admonitions in the best of good humour.

I have a word of commendation to say about my old colleague the honourable the senior senator from Winnipeg (Hon. Mr. Haig), who retired from the leadership. He has served a long and distinguished career in the public life of his country, first as a school trustee in the city of Winnipeg, then for many years as a member of the Legislative Assembly of that province, and in the Senate since 1935. It is a long and honourable record, and one in which every honourable senator in this house can feel some pride.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: Then I have a word to say to the new senators. We wish all of them well. It is interesting to have an appointment to this honourable house from Alberta in the person of Senator Gladstone, who can lay claim to a large measure of Indian blood. We all wish him well. I wish him well, even if at the present moment he is out in Manitoba trying to persuade the Indians in that province who have votes to vote against a good government when the provincial election takes place next Monday.

That brings me to his honour the Speaker: I certainly join my good wishes and felicitations to him with those tendered by honourable senators who have preceded me. Sir, we like you in this house.

Hon. Senators: Hear, hear.

Hon. Mr. Crerar: We have confidence that you will preside over our deliberations with dignity and with fairness; and we all give you our very best wishes in the discharge of the duties of your high office.

Having disposed of these matters, I come to the Speech from the Throne. What I have to say I hope will not be taken amiss in any way, but I do think it is the business of Parliament in both of its branches to discuss public affairs frankly and honestly.

In some respects the Speech was, as I have already said, a disappointment to me. It is lengthy, there are inconsistencies in it and, above all, the general tenor of it gives an indication of a vast program of expenditures. I shall have something to say about that later. Early in the Speech reference is made to the fact that the Government will continue unremitting efforts, as far as this country is concerned, in its attempts to reach a substantial measure of peace and security in the world. With that aim we can all agree without dissent—

Hon. Mr. Howard: Hear, hear.

Hon. Mr. Crerar: —and I for one hope that our Canadian ministers will be able to make a very considerable contribution to the solution of these perplexing and difficult world problems.

I turn to another facet of the Speech, and I shall read it:

> My Government believes that the condition of international economic affairs is such as to require major concerted efforts to encourage the expansion of trade. It is accordingly very gratifying that all countries of the Commonwealth have accepted the proposal of Canada that a Commonwealth Trade and Economic Conference be held in September of this year in Montreal.

That is a proposal with which no one can quarrel. I am among those who believe that in the expansion of peaceful trade lies the surest guarantee of prosperity in this country.

Hon. Mr. Roebuck: And peace.

Hon. Mr Crerar: I am bound to say that I am not particularly hopeful of the outcome of this conference. I find myself wondering what will happen, should the British Chancellor of the Exchequer, who will no doubt head the British delegation, suggest to our Government, "we are in full agreement

with your hopes and ambitions in this respect, and we suggest that the best method of carrying it to fruition is that we reach a condition of free trade between our two countries within 10 years." That is going to be a test for the Prime Minister and his colleagues. How are they going to respond to it?

Well, I will read another paragraph of the Speech:

> 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.

Now, what does that mean? How does the Government propose to encourage the development and processing—particularly the processing—of our natural resources? How is that to be carried out? When this conference takes place in September in Montreal, is the Prime Minister or his Minister of Finance going to say to the British Government, "It was a very fine proposal that you made to us, but we want to process our own primary rsources at home." How can that be done? To my way of thinking there are only two ways: either by subsidizing industry to produce our materials at home, or by erecting a tariff against the outside world, to enable home industry to thrive under those conditions, and let the Canadian people pay the shot. That is a matter which I, at any rate, shall watch in its developments with a great deal of interest.

The next point in the Speech to which I wish to draw attention is the proposal to enact a Bill of Rights to safeguard the rights of all persons in Canada within the jurisdiction of this Parliament. Here again is an inconsistency. That was not the kind of talk in which the Prime Minister engaged when he was advocating in the House of Commons—and, I may say, with a large measure of support from myself—a Bill of Rights. The measure he proposed was to be dominion-wide in its application. There may have been a question of how far its enactment was within the constitutional powers of Parliament. It may be that the Prime Minister has now concluded that that power does not extend to the preservation of what are known as civil rights within the provinces. But before the Prime Minister on earlier occasions presented the views that he did to this country he should have been certain of the constitutional ground on which he stood. Personally I am favourable to a Bill of Rights, but I realize that in this matter a large measure of jurisdiction is under provincial control, and in my judgment it will be necessary, in order to achieve this very desirable end, to enlist public opinion in each province individually. Quebec has been criticized for its interference with certain constitutional rights which the individual should have, but Quebec is not singular in this respect. The same situation, with varying circumstances, has been found in some of the other provinces. And in any event, I repeat, if the very desirable end in view is to be achieved it is necessary to carry the public opinion of the provinces in support of the federal authority.

We shall be asked—in a certain measure we have already been asked—

> —to make provision for a substantial program of public investment to be carried out by Government departments and Crown companies and to provide assistance to provincial Governments for certain agreed types of projects.

All this is very general and, I am bound to say, rather vague. We shall see what will come out of it.

> In particular, a large expansion in the construction and equipment of our system of airports and airways—

And so forth. There is no doubt, of course, that some of our airfields need expansion. The development of this modern technique of transportation of people and goods by air is bound to extend further.

But I would draw attention to another statement in the speech.

> My ministers remain mindful of the importance of financing their large program of expenditures in such manner as will best safeguard against a recurrence of inflationary dangers in future. They wish to urge upon all groups in our society

I ask honourable senators to note this closely:

> a recognition of the dangers and inequities of inflation and the need to restrain demands which will give rise to increases in prices and the costs of production.

Again, a very worthy pronouncement. But the first thing that struck me in reading the first part of this paragraph was the statement of mindfulness to "safeguard against a recurrence of inflationary dangers in future". This implies that there was this danger in the past; and I strongly suspect that when that part of the Speech was written the author had in mind the conditions which existed in this country about 14 or 15 months ago, when there was a real danger of inflation. Today we find in the estimates supplied to Parliament—figures which will be confirmed in the budget when it is presented next Tuesday—the largest public spending by a federal Government in our history, and this at a time when there is a definite recession in Canada, with the probability that the gross national product may fall as much as $2 billion in volume below what it was a year ago. That should be a matter of some concern. Why does not the Government set an example? Honourable senators who have been here for several years will recognize that, in giving utterance to this criticism,

I am saying nothing new, because at times I made the same criticism of the expenditures of the late Liberal administration. Our total expenditures for this year will be over $6 billion, perhaps $6¼ billion, and this, I repeat, in face of declining gross national production.

But is the Government showing any evidence of trying to cut down expenditures? What was the criticism made in the past by the members of the present Government? It was that the Liberals were spending too much: "You shouldn't have these surpluses. You should reduce taxes." I am not overstating it when I say that the present Prime Minister, in the election campaign of 1957, promised time and again that he would cut expenses and reduce taxes. There were many people who believed he would, but what has happened? As I said a moment ago, we have today the largest program of expenditures we have had in our whole history, and we shall probably have also the largest deficit the country has ever had, certainly in times of peace.

Hon. Mr. Euler: And no war yet.

Hon. Mr. Crerar: "And", as my honourable friend from Waterloo says, "no war yet." I would suggest to those honourable senators who are really interested in this question that a study of the estimates is very well worth while. I am going to give a few illustrations, and I shall take first civil service salaries and wages. Again I hear echoes of old speeches, when the members of the present Government were on the Opposition benches, to the effect that the cost of the Civil Service could be reduced. I agreed with them. It could have been reduced. But what do we find here? Is there any diminution today in the numbers in the civil service? Have the expenditures for Civil Service salaries declined? In the present estimates there is $701 million earmarked for this year, and that is $31 million more than in the previous fiscal year, 1957-58. Is that cutting down expenditures? Is that not feeding the fires of inflation?

Take another item. I may say to my honourable friend the junior senator from Winnipeg (Hon. Mr. Thorvaldson) that this is one on which I offered some criticism during past occasions when the old Government was in power. Give or take a few thousands, there are approximately 170,000 Indians and Eskimos in Canada. Is there any honourable senator here who knows what the Government proposes to spend in this fiscal year for the care of these Indians and Eskimos? You may be surprised when I tell you that you will find the estimates amount to approximately $53,600,000, which is $6,200,000 over what it was a year ago, when the amount was $47,400,000. For the life of me I cannot understand it. This means an expenditure from the federal treasury for this year of over $300 for every man, woman and child in this sector of our population.

There are many illustrations that I could give, but I will restrict myself to one more. I am sure this one will rejoice the heart of the honourable senator from New Westminster (Hon. Mr. Reid), for it relates to his old friend the Canadian Broadcasting Corporation. In 1957-58 the total expenditure for the C.B.C. was roughly $42 million, but this year the blue book of estimates discloses an expenditure of $61 million. In other words, this year's expenditure for the C.B.C. is up by $19 million over what it was last year. In the light of this fact is it unreasonable for me to ask what has happened to the fine professions made by the members of the present Government a few years ago when they were in opposition? Where have they gone? Are we to be saddled for ever with these increasing expenditures? I make no bones about it when I say I was one of those who hoped that when the new administration came into power it would cut government spending. But what have we got? We have a proliferation of expenditures to a degree that we have never had before.

There is one more point I wish to touch upon, and I hope that I shall not keep the house too long. In the Speech from the Throne there is a proposal in relation to the South Saskatchewan River Dam.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Crerar: I presume that the honourable Leader of the Government in this house (Hon. Mr. Aseltine) is not unacquainted with the problem of the South Saskatchewan River Dam. Here we have the promise that the project will be proceeded with. I make no apology for saying I am opposed to this expenditure, which will probably amount now to $300 million.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Crerar: I am opposed to it mainly on the ground that it is long before its time. If the province of Saskatchewan had a population of 7 or 8 million people, or even 5 or 6 million people, then there might be a sound argument for the construction of the South Saskatchewan River Dam. But anyone who knows anything about the history of irrigation in western Canada realizes that it is impossible to utilize irrigation water for the successful growth of cereal crops, because the cost is prohibitive. It means that the cereal industry in the area concerned would have to be subsidized in some form or other, for it could not pay its way.

When you have a locality where there is increased population, such as in the Lethbridge district of Alberta, it might be practicable to build such a dam and utilize the water for intensive agricultural production; but I say that to go ahead with the South Saskatchewan River Dam at the present time, in the light of the financial situation that is facing us, is entirely unwarranted.

Honourable senators, I come now to one other point. I have already mentioned the speeches of the Prime Minister, particularly in the campaign of 1957, and I am charitable enough to believe that when he delivered those speeches he did not expect he would soon have the responsibility of the administration of this country's affairs. Success came to him, not because of the Harris budget, but for other reasons which I am not going to enumerate. However, I support what was said so well in the admirable address given by the honourable senator from Shelburne (Hon. Mr. Robertson) a short time ago.

I want to say a word in defence of the Harris budget, because in its essence it was not only a sound but a courageous budget. Often I felt the old administration lacked courage to tackle some problems effectively, but it did not lack courage in the case of that budget. I will endeavour to state briefly why I hold that view. There is no doubt that at that time, March of last year, there was definite evidence of rising inflationary pressures. That is not now denied. It is almost indirectly referred to in the paragraph I read a little while ago, when the Government was warning against a recurrence of inflation. Now, what did Mr. Harris do? He had a surplus. He budgeted for a surplus of $152 million, and, if my memory serves me, that was after appropriating $50 million to strengthen the Public Service Superannuation Fund, which today is not actuarially sound, and another $50 million as a reserve against any possible liabilities. That was sound, honest housekeeping. The inflationary pressures were there. That is why Mr. Harris did not reduce taxes; that was why the so-called "tight money policy" was carried out. There was much nonsense talked about the tight money policy. Our expansion was at a rate that was threatening to plunge the country ever deeper and deeper into inflation. I know my statement on that point may be challenged, but from the evidence it is crystal clear to me, at any rate.

In the face of that situation Mr. Harris budgeted, not to reduce taxes, but for a surplus. It was an austere budget, and a courageous one. It would have been easy for him to increase the old age pension to $50 or $55 a month. He could have reduced taxes, but he did not do it. And this, honourable senators, was with an election certainly in prospect. When the right thing is done I for one will applaud it. On that occasion Mr. Harris did not bring down a popular election budget. As a matter of fact, it was twisted and distorted so that it was made to appear as a very dangerous budget, but while it may have helped defeat the Liberal party it did a service to the country. I shall give some proof of my statement. The contrast between the Harris policy and the policy followed by the present Government is that Mr. Harris wanted to conserve and protect the value of our money. That is beyond question. The present Government may profess to want to do that, but what has been the result of its spending spree? Well, the cost of living index, which measures the value of our dollar, is the best gauge we have.

I pause here to say that few people realize the inroads that inflation has made on the savings of the people. For instance, this suit I am wearing could have been purchased 18 years ago for half of its present price. The price of a pair of shoes has more than doubled in the same period. There has been a steady erosion, a steady wearing away of the value of savings in life insurance, investments, bonds, and deposits left with banks. Can we continue this process, and in even one year from now have a dollar that is worth the same that it is today? As a matter of fact, our dollar has depreciated more than 50 per cent in purchasing power in the last 20 years. Are we going to face further decreases in its purchasing power? That will bring increasing hardship to all our people who cannot protect themselves against this grave danger.

If there is one thing that should have the full consideration and preoccupation of the present Government today, it is to maintain the purchasing power of our dollar, to keep our money at least as honest as it is now. When Mr. Harris brought down his budget a year ago the cost of living index, which, as I have said, is the method of measuring the value of the dollar, stood at 120.5. When the present Government came into power last June the cost of living index was 121.6. In other words, the proposals of the Minister of Finance of that day had not yet been in operation long enough to show their full effect. Well, that policy was put into reverse by the present administration, with the result that less than a year later the cost of living index has gone up almost steadily, and last April it stood at 125.2. Within one year there has been a rise in the cost of living index of about three and a half points. This has resulted in a decrease in the purchasing

power of the dollar to the extent of three and a half points. My honourable friends opposite may smile and think that this is not very important, but where shall we stand a year from now, or two or three years from now? It has been predicted that when the budget is brought down on Tuesday evening it will show the largest deficit in the history of this country. I venture to predict now that unless the Government changes its program, its deficit a year from now will be as great as it is now. If there is one lesson that economists teach us, and experience as well, it is that deficit financing is one of the sure roads to inflation of the cost of living.

I think, and I say with all earnestness, there is no problem facing this country today more serious in its implications and its possibilities than this problem of inflation. I do not wish to hold out warnings. Sometimes the immediate past leader of the Government in the Senate (Mr. Haig) used to issue warnings to the house. I do not like doing it, but I would suggest that if the honourable the Leader of the Government (Mr. Aseltine) and his deskmate (Hon. Mr. Brunt), who is a comparatively new member of the house, have any influence with the powers that be, they should use it to try to persuade them on the importance of this matter to the people of Canada.

I have talked too long, but I have just one or two things more to say. I am among those who believe that the surest way to expand prosperity and happiness among our people is by trading with the world and I think any proposals or suggestions to put barriers in the way of expansion of our trade are unfortunate and ill advised. After all, 20 per cent of our gross national product comes from exports. Shut those off and where will we find ourselves? There is no greater fallacy than to think that we can switch a large segment of our American trade to the British. If we want to increase trade with Britain, and if we wish to increase imports from Britain, let us cut the tariffs off, accept the proposal that was made by the Chancellor of the Exchequer last fall, then we shall have the sure way of doing it. But, while hope springs eternal in the human breast, I am bound to say that I see very little prospect of the present administration doing that.

Of course, trade is of paramount importance to Canada, but there is another matter that should be giving us some concern, and that is the economic development of the Soviet state. I think we have been entirely wrong in our estimate of the Russian people. They are just as capable and as efficient in production, or will become as capable and efficient in production, as is any industry in this country or the United States.

Hon. Mr. Aseltine: I do not agree with that.

Hon. Mr. Crerar: The evidence we get in increasing measure from Russia, from those who have visited it, inspected its factories and its industry, watched its people in their work, is all to that effect. Already Russian aluminum is invading the British market, underselling Canadian aluminum. Already Russian lumber products are invading our markets in Britain, a fact which is of particular significance to Nova Scotia and British Columbia.

It will only be a matter of time until Russia enters the European market with metals and grain, a market where in past years we have sold a large part of our surpluses. What challenge does that bring to this country? That, I submit, is something to which members of both houses of this Parliament should be giving some consideration. Otherwise we shall find ourselves limited and restricted, our trade cut down, and we shall face the rather doubtful prospect of freezing on our own iceberg.

On motion of Hon. Mrs. Inman, debate adjourned.

PRIVATE BILL

BURRARD INLET TUNNEL AND BRIDGE COMPANY—SECOND READING

Hon. Stanley S. McKeen moved the second reading of Bill S-4 respecting The Burrard Inlet Tunnel and Bridge Company.

He said: Honourable senators, I would like to give you just a little of the history behind this bill before dealing with the proposed amendment.

The bridge is a very necessary adjunct to the transportation facilities of Vancouver, North Vancouver, West Vancouver and adjacent municipalities.

In 1910 the Burrard Inlet Tunnel and Bridge Company was incorporated and given authority to build a tunnel at the First Narrows, the shortest crossing, or a bridge at the Second Narrows. Nothing was done until 1923. That year the company decided to build a bridge at the Second Narrows, and construction was carried on in 1923, 1924 and 1925. Then, authority to build a tunnel at the First Narrows was withdrawn from the act and the company's charter limited it to the bridge. However, the word "Tunnel" remained in the corporate name of the company, although it no longer had authority to build a tunnel.

The bridge was opened on November 7, 1925. In order to overcome very strong opposition of shipping interests the authority that was given for the building of the bridge specified that it must be so designed as not to be a menace to navigation. Well, the shipping interests said that owing to the way the

bridge was constructed it would make navigation very difficult, as at flood tide ships would be driven against the north side of the bridge, and at ebb tide against the south side. The accidents that followed proved this was true. Captain Johnson, R.N.R., was named chairman of a committee to see that the fixed span was removed and replaced by a vertical lift span in the proper position. Some weeks later one of his barges got caught under the fixed span, dumped it into the water and effectively opened the span that the shipping interests objected to. A jocular statement was made in one of the newspapers that he was going to be awarded a leather medal for removing the span. As a matter of fact, to this day some people in North Vancouver think he did it purposely, which of course is mere imagination.

After long litigation the bridge was declared by the Privy Council to be a menace to navigation, so a special act of Parliament was passed legalizing the bridge. However, the accident caused by the barge, which occurred in 1930, put the bridge company in a rather difficult circumstance, because to replace the span would cost a million dollars and it did not have the money. The municipalities, having guaranteed the bridge company's bonds, became financially embarrassed as a result of this loss and were facing bankruptcy. The Right Honourable R. B. Bennett was Prime Minister at the time, and the Government came to the assistance of the cities and the municipalities by lending them a million dollars to replace the span. The bridge was later taken over by the National Harbours Board and operated by it until 1951, when it had its money back, and the bridge was turned back to the company at that time. It was then turned over into the hands of a receiver for the bondholders, because the company was in arrears with its bond obligations. At that stage the company had a sinking fund of $88,000 and was in arrears to the extent of several hundred thousand dollars.

By very good management on the part of the bridge company that position was reversed, and in the past year the company paid a dividend of 40 per cent, amounting to $321,000. It has paid back all its arrears, and has put in the hands of the trustee just less than $1 million to take care of the bonds when they come due and to pay interest in the meantime. So the company is now in excellent condition. This condition has been achieved under the management of the reeves and councillors who were in charge of the bridge operation.

The management consists of two directors from the city of North Vancouver, the major and an alderman, and two representatives from the district of North Vancouver. Those two municipalities own about 60 per cent of the bridge. West Vancouver and the City of Vancouver each has one representative. One private individual has 25 shares of stock in the bridge company; how she got it, I do not know, but when the bill goes to committee we will find out.

This amendment would permit the shareholders of the bridge company to pay salaries to the president and directors of the company. The proposed payments are very small, being limited to $1,200 a year for the president and $500 for each director. These men, who have the management of the bridge, are going to have to devote considerable time to that work. I may say, although the financial picture now looks very good, there will be stiff competition next year from a high-level bridge now being built by the provincial Government alongside this bridge, as most likely the bulk of traffic will go to the new bridge. The bridge company will have to make a new deal with the Canadian National Railways, which use the bridge; at the present time the railway controls the rail traffic and the municipality controls the vehicular traffic.

The proposed amendment to pay salaries to management is only permissive: it will give the municipalities permission to pay these sums, only if the shareholders—which are the municipalities—so decide.

The company was formed to make a profit, and it was expected it would pay a dividend. The municipalities now have all their money back. The trustee for the bondholders has more than sufficient money to pay off the bonds and interest and the bridge company has set aside $250,000 for any actual repairs or replacements that might be needed. So, financially the company is in very good shape.

If the bill is given second reading, I will move that it be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Brunt: Would the honourable senator permit a question? The amendment would limit the payments to $500 each for the directors and $1,200 for the president. If the bridge company prospers, and if these men have to devote more and more time to the management of it, might the company not have to come back to Parliament later and ask for an increase in compensation? I am wondering why the bill does not stipulate larger amounts.

Hon. Mr. Aseltine: Why limit them?

Hon. Mr. McKeen: The fact of the matter is that this request is being made by the bridge company, which in effect means the municipalities, and I presume they have decided on the amount they wish to pay. I should perhaps say that if these men are

reeves, mayors, councillors or aldermen of the municipalities concerned they of course are already getting some compensation, but the bridge work requires additional time. It occurred to me too that the amounts were rather small, but that is the company's request.

Hon. Mr. Brunt: I think you will be back in five years.

Motion agreed to, and bill read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. McKeen, bill referred to Standing Committee on Transport and Communications.

FIRST CLERK ASSISTANT

APPOINTMENT OF MR. ALCIDE PAQUETTE

The Senate proceeded to consideration of the second report of the Standing Committee on Internal Economy and Contingent Accounts, which was presented yesterday.

Hon. Mr. Brunt moved that the report be adopted.

Hon. Mr. Macdonald: Honourable senators, do I understand that by adopting this report we would actually appoint Mr. Paquette as First Clerk Assistant of the House?

Hon. Mr. Brunt: That is correct.

Hon. Mr. Macdonald: If the report is adopted today when will Mr. Paquette take over his duties in this house?

Hon. Mr. Brunt: The report provides that he take over as of June 16.

Hon. Mr. Reid: Why the rush? This is the first time the report has been before us.

Hon. Mr. Brunt: The report was presented yesterday.

Hon. Mr. Macdonald: The reason I asked the question was to ascertain whether Mr. Paquette will be relieved from his present duties and be in a position to take over his office here when the Senate reassembles?

Hon. Mr. Brunt: I understand he will be relieved from his present duties.

Motion agreed to.

DIVORCE

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-65, for the relief of Charles Coorsh.

Bill SD-66, for the relief of Claire Aubin Daunais.

Bill SD-67, for the relief of Maurice Gardner Swaine.

Bill SD-68, for the relief of William Arthur Terry.

Bill SD-69, for the relief of Frances Eileen Fisher Baker.

Bill SD-70, for the relief of Marie Aurore Cecile Gauthier Thomson.

Bill SD-71, for the relief of James Dunn Drummond.

Bill SD-72, for the relief of Marie Eva Desorcy Valiquette.

Bill SD-73, for the relief of Norman Silver.

Bill SD-74, for the relief of Herbert Everett Follette.

Bill SD-75, for the relief of Abie Cubitz.

Bill SD-76, for the relief of Eva Shtull Hager.

Bill SD-77, for the relief of Georges Etienne Brais.

Bill SD-78, for the relief of Barbara Eisenstein Packer.

Motion agreed to and bills read second time, on division.

THIRD READINGS

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

Hon. Mr. Roebuck: Honourable senators, it seems unreasonable to allow these bills to lie fallow until the Senate resumes. So, with the consent of the house I move that they be read the third time now.

Motion agreed to, and bills read third time and passed, on division.

UNITED KINGDOM PRIME MINISTER

TO ADDRESS MEMBERS OF BOTH HOUSES

Hon. Mr. Aseltine: Honourable senators, before I move adjournment of the house I would like to remind honourable senators again that the Prime Minister of the United Kingdom will address both houses of Parliament in the House of Commons chamber tomorrow morning at 10 o'clock. I hope there will be a good attendance.

The Senate adjourned until Tuesday, June 24, at 8 p.m.

THE SENATE

Tuesday, June 24, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

HOSPITAL INSURANCE AND DIAGNOSTIC SERVICES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-30, to amend the Hospital Insurance and Diagnostic Services Act.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: Honourable senators, I am informed that this bill is more or less urgent on account of the fact that payments under it commence to be made on July 1 next. Therefore it is very advisable that it should be considered by this chamber as expeditiously as possible, so that when it has received third reading it can be given the royal assent, on Thursday evening, or at the latest on Friday of this week. I would therefore urge that I be given permission to proceed with second reading of the bill now.

Some Hon. Senators: Agreed.

Hon. William R. Brunt: Honourable senators, with leave I move second reading of this bill.

Hon. T. A. Crerar: Honourable senators, the last thing on earth that I should wish to do is to stand in the way of the second reading, moved by our honourable colleague from Hanover (Hon. Mr. Brunt), but there is a little bit more involved. It appears to me it is more than merely accepting the plea of the honourable Leader of the Government in the Senate (Hon. Mr. Aseltine), much as I esteem him.

This is the third occasion this session when we have been presented with a bill with the plea that it is of great urgency and must be put through as quickly as possible. I cannot recall that under the previous administration we were asked to give first and second readings at the same sitting to any measure other than an interim supply bill. The practice, honourable senators, is wrong. We can easily drift into a slipshod method of dealing with legislation in this house. If the Government attaches so much importance to this legislation, and if it wants to get it through Parliament so that it can enter into contracts with the provinces on July 1, why did it not have the measure before us two weeks ago, or even three weeks ago?

Hon. Mr. Brunt: It was not through the other place.

Hon. Mr. Crerar: It is the business of the Government to get its legislation through the other house. This measure was not held up in the other house; the delay was in bringing it forward.

I wish to make an emphatic protest, honourable senators, against this method of dealing with legislation. This bill should be allowed to stand on our records until tomorrow at least, so that we may have a chance to study the Hospital Insurance and Diagnostic Services Act and the effect these amendments may have upon it. I do not know how many honourable senators are familiar with this act, which was passed a year ago, but quite obviously if these amendments are to be considered intelligently we must study them in relation to the act. Now we receive the proposed amendments tonight for the first time, and we are asked to pass them in time for them to receive the royal assent on Thursday next.

As far as I am concerned, honourable senators, I protest against this method of procedure.

Hon. Mr. Vien: Honourable senators, I rise to a point of order. If there is not unanimous consent—and it is evident there is not—the motion for second reading is out of order.

The Hon. the Speaker: The motion is not out of order, but without unanimous consent of the house second reading cannot be given tonight; it could not take place before tomorrow afternoon.

Hon. Mr. Crerar: Good!

Hon. Mr. Aseltine: Honourable senators, the difficulty is that the senator who was to have explained the bill (Hon. Mr. Brunt) cannot be here tomorrow.

Hon. Mr. Brunt: Honourable senators, I will have another senator take my place. I would not want my absence used as a reason that the bill should not go over for second reading tomorrow.

Hon. W. Ross Macdonald: Honourable senators, as far as I am concerned, I am not going to do anything that would in any way interfere with putting into force the amendments contained in this bill by July 1. At least one province is prepared to put hospital

insurance into effect on that date. If Parliament has not passed this bill by that time and it has not received royal assent, the citizens of that province will be deprived of the benefits under the bill.

Hon. Mr. Farris: Why not let it stand until tomorrow?

Hon. Mr. Macdonald: There is no reason why, as the honourable senator from Vancouver South (Hon. Mr. Farris) has said, it could not go over until tomorrow, and also become law by July 1. But I certainly urge all honourable senators to support any procedure which will bring the bill into effect before the first of July. Perhaps, as the honourable senator from Hanover (Hon. Mr. Brunt) will not be here tomorrow, there would be no objection to his making his statement tonight, and then the honourable senator from Churchill (Hon. Mr. Crerar) or some other honourable senator can move adjournment of the debate. Personally I see no objection to that. The bill would not receive its second reading tonight, but the explanatory statement would be on the record, and we would have time to study it and the bill. That is the suggestion I would make.

Hon. Mr. Aseltine: Is that agreeable to honourable senators?

Some Hon. Senators: Yes.

Hon. Mr. Crerar: May I have another word? My objection is to the procedure which has been followed, and as that procedure is wrong I am not going to withdraw the objection. Our rules provide that, excepting under extraordinary circumstances, a new bill shall lie on the table of this house for at least one day before the second reading stage is proceeded with.

Hon. Mr. Robertson: Two days.

Hon. Mr. Crerar: Two days is the time the rules require, but there should be a lapse of at least one day so that opportunity will be given for study. I have no objection to the suggestion made by the honourable Leader of the Opposition (Hon. Mr. Macdonald). But it seems to me that, as the bill has been given first reading this evening, it could be understood that there will be second reading tomorrow, and reference to committee, if the bill goes to committee, as I personally think it should. It could be in the house again on Thursday and receive third reading and royal assent on that day.

Hon. Mr. Macdonald: I am not going to oppose that suggestion too strenuously, but under our rules a bill may not receive third reading the day it is reported from committee. If, however, the house is prepared to waive that rule, I shall have no objection.

Hon. Mr. Aseltine: We might get the bill through by Monday evening if we sit every day, including Saturday.

Hon. Mr. Robertson: No threats.

Hon. Mr. Brunt: It is not a threat, it is a statement.

Hon. Mr. Aseltine: It is not a threat, but we may have to sit longer hours.

Hon. Mr. Macdonald: It seems to me that the bill should be considered for third reading on the same day that the committee reports.

Hon. Mr. Horner: If we are to consent to an alteration of the rules, the alteration might as well apply today as Thursday. Assuming that the honourable senator from Hanover is prepared to make his statement tonight, the debate could be adjourned; the bill would not receive second reading today.

Hon. Mr. Crerar: I have no objection to the honourable senator from Hanover making his statement this evening, and personally I am quite willing that the bill shall go to committee tomorrow. But that does not change the principle of the objection I have raised, and I would suggest to our good and genial friend whom we see leading the Government forces in this house (Hon. Mr. Aseltine) that he have a quiet talk with the powers that be and tell them the Senate does not want to stand for this sort of thing very much longer.

Hon. Mr. Euler: Honourable senators, you will understand that ordinarily I would be very much inclined to support my deskmate (Hon. Mr. Crerar), and on this occasion I think he is on very good ground, for if we have any rules in the Senate we ought to observe them, except under very extraordinary circumstances. At the same time I certainly would not like to stand in the way of this bill coming into effect by the 1st of July. My friend the Leader of the Government (Hon. Mr. Aseltine) may not have specifically said so but I think he suggested there was some sort of a deadline. I seem to recall that about two years ago another Government tried to establish a deadline. Considerable trouble arose out of that action and a great fight took place over it. I do not like to remind my friends opposite of that occasion but I am afraid their position tonight is not quite consistent with the one the followers of their party took at that time.

I feel the suggestion made by the Leader of the Opposition (Hon. Mr. Macdonald) is a good one. I think it would be all right for the

senator from Hanover (Hon. Mr. Brunt)—who is from my district and whom I can call a friend—to make his speech now, and then, if it is in order, the member from Churchill (Hon. Mr. Crerar), who has spoken once, could adjourn the debate tonight and continue tomorrow.

Hon. Mr. Vien: Honourable senators, I have just glanced at the bill very rapidly. As far as I know it has not been distributed, has it?

Some Hon. Senators: Yes.

Hon. Mr. Vien: I cannot see any urgency about it. The bill provides that under the agreement no payment shall be made before July 1. If that is so there is no urgency whatsoever. Payments can be made after July 1.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Vien: I cannot see at a glance that there is any urgency in the matter.

Hon. Mr. Macdonald: I may point out that no citizen would make a contribution under some act which is not in force.

Hon. Mr. Vien: I connot see that from the bill.

Hon. Mr. Macdonald: The fact is that no payment shall be made under this act to a participating province in respect of the cost of insured services incurred by the province pursuant to provincial law prior to July 1, 1958.

Hon. Mr. Vien: Yes; well, where is the urgency?

Hon. Mr. Macdonald: A payment cannot be made prior to July 1.

Hon. Mr. Vien: We shall have all the time in the world after that.

Hon. Mr. Macdonald: Yes. Under the bill contributions could be made after July 1, but they cannot be made at all at the present time. Section 6(2) of the present act reads:

> No contributions shall be paid under this act until at least six provinces, containing at least one-half the population of Canada, have entered into an agreement, and the provincial law in relation to those provinces is in force.

At the present time six such provinces have not entered into an agreement, so in those circumstances no contributions can be paid, but the amendment proposed in clause 2 of the bill would permit payment of contributions to a participating province as of July 1, whether or not at least six provinces, containing not less than half the population of Canada, have entered into an agreement with the federal Government. In other words, if this amendment passes the plan can come into effect in any province on July 1. But unless this amendment carries, the one province that has made an agreement cannot get the benefits of the act until five other provinces have entered into an agreement—and those six provinces must contain at least half of the population of Canada.

Hon. Mr. Vien: Subsection 2 of section 2 of the bill provides as follows:

> No contributions shall be paid under this act to a participating province in respect of the cost of insured services incurred by the province pursuant to provincial law prior to the 1st day of July, 1958.

So far as I can see, there is no particular urgency about passage of this bill. The rights of the provinces will be determined when the bill comes into effect, and after the 1st day of July any amount which might become payable under the agreement with a province will be paid. So if we do not pass the bill promptly we shall not deprive any province of any benefit under the act as amended by this bill.

Hon. Mr. Robertson: Mr. Speaker, both honourable senators are out of order. Let us get on with the bill.

Hon. Mr. Brunt: Have I the consent of the house to make a statement this evening?

Some Hon. Senators: Yes.

Hon. Mr. Brunt: Honourable senators, Bill C-30 is an act to amend the Hospital Insurance and Diagnostic Services Act, which was passed by the Parliament of Canada in April, 1957. In view of what has been said so far this evening I think it might be wise if I gave a short resumé of that act, and then I think everyone will see clearly why the proposed amendments are necessary.

As many senators will recall, the original act was designed for the purpose of laying down a broad framework within which provincial plans of hospital insurance were to be fitted, and making universally available two important types of health services; first being hospital care at the standard ward level, and second, the providing of basic diagnostic services. The original act was intented to provide financial and technical assistance to the individual provincial plans. In order to participate, provinces are compelled to provide certain stated in-patient services, while the providing of what is known as out-patient hospital services was made an optional feature of the original act.

Among the statutory requirements of the Hospital Insurance and Diagnostic Services Act are provisions which require that the province make insured services available to all residents of the provinces upon uniform terms and conditions; in other words, every citizen of the province is treated in the same way. Secondly, the province is required to make arrangements necessary to ensure that

adequate standards are maintained in all hospitals; thirdly to maintain adequate records and accounts; and, finally, to make provision for the recovery of costs in those cases where third party liability arises.

Honourable senators, a short word of explanation might be in order with respect to third party liability. If a person, a pedestrian for instance, through no fault of his own, was hit by a motor car, severely injured, placed in a hospital, and provided with hospital services, then the provincial legislation must make provision for the province to recover the cost of the hospital services provided to such a pedestrian from the offending motorist.

The act also requires that the province make certain specified in-patient services available as insured services. In-patient services, roughly, are those services that are provided to a person while he is a patient within the hospital. As the minimum, the in-patient services include the following: accommodation and meals at the standard or public ward level; the necessary nursing service; laboratory, radiological and other diagnostic procedures, together with the necessary interpretations for the purpose of maintaining health, preventing disease, and assisting in the diagnosis and treatment of any injury, illness or disability; the providing of drugs, the use of operating rooms, case rooms, and anaesthetic facilities, including necessary equipment and supplies; the providing of routine surgical supplies; the use of radiotherapy facilities, where the same are available in any hospital; and, finally, the use of physiotherapy facilities, where those facilities are available in any hospital. All these requirements must be fully met by every province wishing to conclude an agreement with the federal Government in accordance with the terms of the original act as passed in April 1957.

In addition to these statutory requirements under the act, the provinces are allowed to provide a fairly wide range of optional services. In addition to in-patient services over and above those already mentioned, out-patient services, including diagnostic and laboratory services, may be included in the program. Since these are optional, however, one may find that the scope of provincial insurance programs may differ widely. Basically the agreements themselves are the same for all provinces. However, the schedules to the agreements which contain the description of the scope of the provincial programs and the methods of administration obviously differ. The federal Government is required to make contributions to the province amounting to approximately 50 per cent of the cost of insured services incurred by the province pursuant to the provincial act. The formula under which the annual contribution is made, as provided in the act, is intended to provide a higher percentage to the less economically advanced provinces.

Honourable senators, I am going to be quite frank and admit that I cannot explain how the formula works, but if any honourable senator wishes that information we can bring the appropriate officials over from the Department of National Health and Welfare to furnish it. The entire federal contribution will, of course, be paid out of the Consolidated Revenue Fund. The provinces are free to raise their share of the cost in any manner which they deem advisable. In effect, the provinces will be raising the necessary revenue through provincial taxation and/or through a method of premium payments by the participants. In the province of Ontario both methods will be used: a certain part or percentage of the provincial share of the cost of this hospitalization will be provided through taxation, and the remainder of the cost of the provincial share will be provided by the participants themselves making monthly payments to a fund that the provincial Government has set up for this particular purpose.

No specified period of residence may be required as a condition precedent to the establishment of residence in a province. The limitation on the definition of "residents of a province" is contained in section 8, (1)(a) of the Hospital Insurance and Diagnostic Services Act. However, to really find the meaning of "residents of a province" reference should be made to the Regulations, wherein it is stated:

> —"residents of a province" means persons legally entitled to remain in Canada who make their home and are ordinarily present in that province, but does not include tourists, transients or visitors to the province.

Hon. Mr. Reid: What about immigrants?

Hon. Mr. Brunt: Well, if the immigrant is in Ontario for one day and intends to become a resident he is a resident of the province of Ontario.

Hon. Mr. Macdonald: There is nothing in this amendment to that effect.

Hon. Mr. Brunt: No. I am dealing with the original act. I thought that I should make a rather extensive statement on the terms of the original act, in view of what has been said here earlier this evening.

Hon. Mr. Vien: Do I understand that only residents of the province can benefit under the act?

Hon. Mr. Brunt: That is correct.

Hon. Mr. Vien: How long must they have been resident in the province?

Hon. Mr. Brunt: No time is specified.

Hon. Mr. Vien: Would one day suffice?

Hon. Mr. Brunt: That is the answer I gave to the honourable senator (Hon. Mr. Reid) who raised a question about immigrants.

Hon. Mr. Vien: The English Act requires residence of at least four months.

Hon. Mr. Brunt: Well, I can neither agree nor disagree with the honourable senator's statement.

The definition of "residents of a province" is contained in section 3, subsection 6 of the Hospital Insurance Regulations.

I now come to the proposed amendments to the original act as contained in Bill C-30. I would like first to deal with the amendment as set out in section 2 of the bill where it is proposed to repeal section 6, subsection 2, of the Hospital Insurance and Diagnostic Services Act, being the act which was passed in April 1957, and to substitute a new section which will enable the federal Government to make contributions to any province that has signed an agreement and has passed a provincial act setting up a hospital plan or scheme. Section 6 (2) of the original act imposed a statutory limitation on the commencement date for the payment of contributions. It reads:

No contributions shall be paid under this Act—

That statement refers to the original act, not to the amending bill.

—until at least six provinces containing at least one-half the population of Canada, have entered into an agreement, and the provincial law in relation to those provinces is in force.

Now, under that section it means that you must get the province of Ontario or the province of Quebec to come into the health scheme before it can be brought into effect under the original act. In effect, that provision prevents federal participation until at least one of the largest provinces is prepared to put an insurance plan or program into operation, which simply means either the province of Quebec or the province of Ontario.

On March 3 last the Government of the province of Ontario signed an agreement with the federal Government which envisaged the commencement of a program in that province on January 1, 1959. Under the present terms of the original act therefore it would not be possible to commence making contributions until that date to any of the other six provinces, since section 6, subsection 2, requires the statutory minimum of six participating provinces containing at least one-half the population of Canada, and Ontario does not come in until January 1 next, and Quebec, to which I will refer later, has not entered into any agreement to commence as of July 1, 1958. This amendment to section 6, subsection 2, permits contributions being made as of July 1, 1958, regardless of the number of provinces which have entered into an agreement with the federal Government.

The present situation with respect to the various provinces is as follows:

Ontario signed an agreement with the federal Government on March 3, 1958, and under it the Ontario program will commence to operate on January 1, 1959.

Newfoundland signed an agreement with the federal Government on June 9, 1958. Its program will commence on July 1, 1958 if this bill passes.

Manitoba: an agreement is before the Government for consideration at the present time. It is anticipated that it will be signed before July 1, 1958, and if so the Manitoba program will commence on that date.

Hon. Mr. Hugessen: May I ask my honourable friend a question? He referred to the legislation in Newfoundland and Manitoba as coming into effect on the 1st of July, if this bill passes. May I ask him whether legislation in those two provinces provides it shall not come into effect until this bill passes?

Hon. Mr. Brunt: It could not come into effect until this bill passes, because the dominion Government could not make contributions. Ontario does not come in until January 1 next, and you cannot have any contributions under the present act unless at least six provinces containing at least half the population of Canada are participating.

Hon. Mr. Hugessen: I am directing my mind to the amendment proposed by clause 2 of the bill. What I am trying to find out is whether it is essential for Parliament to pass this amendment before the 1st of July in order for these provincial schemes to come into effect as of that date, and I ask whether there is anything in the provincial law of Newfoundland and of the other provinces you mentioned which so specifies.

Hon. Mr. Brunt: I must say to the honourable gentleman that I do not know; I have not seen the legislation that has been passed by any of the provinces.

Hon. Mr. Farris: Does my honourable friend suggest that this date July 1 relates to this enactment?

Hon. Mr. Brunt: I do not understand the honourable senator's question.

Hon. Mr. Farris: Well, we are at a standoff.

Hon. Mr. Croll: Go ahead.

Hon. Mr. Brunt: British Columbia: an agreement is before the Government at the present time, and it is anticipated it will be signed before July 1 of this year and that the program will commence on that date.

Saskatchewan: a similar agreement is before the Government, and it is anticipated that it will be signed before July 1 of this year and that the hospitalization program will commence to operate on that date.

The same applies to Alberta.

With respect to Nova Scotia and New Brunswick, these provinces are now formulating provincial plans, and it is proposed that their provincial programs will commence on January 1, 1959.

Prince Edward Island has declared its intention to participate in the program, and it is anticipated that the provincial program may be inaugurated in that province some time during 1959.

Quebec has not indicated its intention with respect to the hospital insurance program, and therefore I cannot make any statement as to when a hospitalization scheme may be inaugurated in this province.

In addition to the amendment with regard to the commencement of contributions, two additional changes to the act are proposed. These relate to in-patient services so far as drugs, biologicals and related preparations are concerned, and to the definition of "out-patient services".

It is deemed advisable that the legislation should clearly state that drugs, biologicals and related preparations as referred to in the various agreements are insured services when administered in hospital only. It is obvious that if drugs were made available on a take-home basis the control of expenditure would be very difficult; and this matter of control is as important to the provinces as to the federal Government, since both contribute to the cost of the scheme.

With regard to the amendment concerning out-patient services—those are the services provided to a person who goes to the hospital, is treated and comes home; he does not go into a room, does not necessarily occupy a bed, and is not a boarder, so to speak, in the hospital—it is proposed to provide such a person with drugs, biologicals and related preparations, together with meals while the patient is in the out-patient department or branch of hospital. No provision was made for this in the original act. Under the proposed legislation, if a patient goes into an out-patient department at 8 o'clock in the morning—and he may have to to stay all day to receive his treatment—he will be treated with the necessary drugs, he will be provided with board and lodging for that day, and will return home in the evening.

Hon. Mr. Molson: Will my honourable friend permit a question? Is it not felt that the matter of providing meals in an out-patient department might lead to any number of abuses? It would seem to me it would offer a great opportunity to take part of one's insurance out in board.

Hon. Mr. Brunt: No. It is felt it will eliminate a very serious abuse, namely, that a patient becomes an in-patient in hospital when it is not necessary. There cannot be any abuse under this proposal, because in order to qualify as an out-patient a person must be treated by a doctor, and a doctor is not going to keep one in hospital all day and treat him unless it is necessary.

Hon. Mr. Macdonald: Can the honourable senator tell me if these amendments have been approved by the provinces? Has there been any consultation with the provinces? Has there been, for instance, a federal-provincial conference with respect to the matter?

Hon. Mr. Brunt: I must say I am unable to—yes! I must apologize, honourable senators, for being a little slow with my answer. I have a very good coach in the gallery, and I am advised that there have been conferences and that agreement has been reached in each case.

Hon. Mr. Macdonald: Can the honourable senator tell us the nature of the conferences, and who were present?

Hon. Mr. Brunt: No, I cannot, but I think we can get the appropriate official from the Department of National Health and Welfare to inform us.

Hon. Mr. Euler: Get him now; he is up in the gallery.

Hon. Mr. Brunt: As far as meals and accommodation are concerned, the advisability of these services on an out-patient basis will, we hope, tend to deter and cut down on the number of admissions to hospitals. In other words, it is hoped that this amendment will have the effect of keeping the ordinary out-patients from becoming in-patients of the hospital and thus making beds more readily available for people who are really ill. Therefore, it is considered that by expanding the out-patient services in this manner the extent of in-patient services can be reduced.

Honourable senators, from what I have stated I think it can be clearly seen that a majority of the provinces are prepared to proceed under this plan of hospital insurance

on July 1 next. Therefore, I think it is of importance that the house pass this bill which amends the original act in such a manner that it clears the way for the setting up and the commencement of the operation of a hospital scheme in this country on July 1 next.

Hon. Mr. Roebuck: Would the honourable senator explain the situation with respect to the private patient? He has stated that the service is on the public ward basis?

Hon. Mr. Brunt: Yes.

Hon. Mr. Roebuck: What happens to the private patient?

Hon. Mr. Brunt: The private patient goes to what we call the private patients' pavillion, and will be required to pay out of his own pocket the difference between the cost of the public ward service and that of the private pavillion service. The act provides for nursing services, but only bare nursing services.

Some Hon. Senators: Oh, oh.

Hon. Mr. Brunt: I do not mean the nurses will be bare—that would be fatal to any scheme.

The act provides whatever nursing service is necessary. But if a patient is in the private patients' pavillion and wants what we call luxury service, he may have three nurses a day, but he will be required to pay the difference in cost.

Hon. Mr. Roebuck: May I ask a supplementary question? In the province of Ontario, for instance, can periodic contributions be made for the higher standard of service, such as you have described?

Hon. Mr. Brunt: Yes. In Ontario a person can subscribe to the plan now under discussion and make his contributions to the Government. Furthermore, the Blue Cross service is to continue in Ontario, and by paying a certain additional amount a person can provide for himself semi-private ward service.

Hon. Mr. Macdonald: I don't think provision of that service is limited to the Blue Cross. It will be provided by other companies.

Hon. Mr. Brunt: Well, Physicians and Surgeons will provide it.

Hon. Mr. Macdonald: And companies.

Hon. Mr. Brunt: I have never heard of any insurance company which will provide for the payment of the difference between public ward and semi-private ward service. Private insurance companies, upon payment of a premium, will allow you so much a day for hospital services without regard to whether they are public, semi-private or private.

Hon. Mr. Roebuck: That is, up to 60 years of age; after that the insurance is cancelled.

Hon. Mr. Reid: Has the honourable senator any information with regard to the anticipated expenditure by the federal Government for this additional scheme?

Hon. Mr. Brunt: The honourable Leader of the Government (Hon. Mr. Aseltine) advises me that the estimated cost to the federal Government up to December 31 next is $30 million.

Hon. Mr. Bouffard: That is for six months only.

Hon. Mr. Aseltine: Yes.

Hon. Mr. Macdonald: And it is for very few provinces. The largest provinces will not be in the scheme this year.

Hon. Mr. Brunt: That is so.

Hon. Mr. Crerar: Honourable senators, let me first make my position clear as far as this bill is concerned. I am not opposing it. Legislation covering hospital insurance and diagnostic services is on our statute books. Whatever people may have thought about it, it is there. The present amendments, except the last one, are not very important. As far as the cost to the federal treasury is concerned, the first amendment may reduce it slightly, the second amendment may somewhat increase it, but the last amendment, which provides for the coming into effect of the legislation on July 1, contains an important variation from the original act.

I think, however, we should have some additional information, which I hope may be secured in committee. Quite clearly the federal contribution will be a charge on federal revenue; no special levy or tax is suggested to provide the payments which, under this legislation, will be made to the respective provinces.

There is another point in this business which interests me somewhat. Quite clearly each province which comes under the umbrella may have its own scheme: in that respect there is no uniformity. I will not ask the direct question this evening, but it would be interesting if an explanation can be given as to how, if there are half a dozen different provincial schemes, a federal contribution can be worked out which will be equitable in all respects so far as each province is concerned. I mention this matter because it is a sort of thing which very often leads later on to misunderstanding, criticism and trouble.

Hon. Mr. Brunt: If the honourable senator will look at the interpretation section of the act he will find that the services which are provided to patients in hospitals are clearly set out, and it is only on that basis that the dominion Government will make its contributions. The services are defined in the act.

Hon. Mr. Crerar: I see. Offhand, I should think that the honourable senator's explanation covers the point.

I have only one or two suggestions.

Section 9 of the act provides that:

> The minister shall, as soon as possible, after the termination of each fiscal year, submit a report to Parliament respecting the operation for that year of the agreements made under this act and the payments made to the provinces under each of the agreements.

What may be a rather superficial reading of the legislation indicates that the agreements between the federal Government and each of the provincial Governments to which it will give rise will be of substantial importance, and that the regulations also will play an important part in the matter. My suggestion, to which I hope my honourable friend will give consideration—and perhaps he can consult others who are higher up; for, high as he is, there are others even more eminent than he—that an amendment be added to section 9 to provide that, as is frequently done in respect of legislation of this kind, the regulations will be tabled with the reports. I do not think it is unreasonable to ask that Parliament shall be informed of the regulations passed by the federal authority with relation to administration of this legislation.

The only other matter which I had a note to mention relates to the point raised by the honourable senator from New Westminster (Hon. Mr. Reid). My experience and observation over a good many years have led me pretty well to the conclusion that the original estimates of the costs of legislation of this kind are almost always exceeded. Therefore I would ask that the officials who come before the committee shall be prepared to present in detail the basis upon which they calculate the amount of the federal Government's contribution. I think that is important. After all, if we had been able to live within the prognostications when much legislation of this kind was passed by Parliament we could have reduced our taxes by probably a quarter of a billion dollars a year. When Government officials tell us that the federal cost will be thus and so, I for one would like to have full confidence that they know what they are talking about. I have no objection whatever to the bill going to committee as soon as possible.

Hon. Mr. Brunt: It cannot be referred to committee unless we give it second reading.

Hon. Mr. McKeen: The bill has been explained and has been pretty well discussed, and I would suggest that it be given second reading now and sent to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to the Standing Committee on Public Health and Welfare.

PRIVATE BILL

CATHOLIC EPISCOPAL CORPORATION OF TIMISKAMING—FIRST READING

Hon. Lionel Choquette presented Bill S-5, respecting the Catholic Episcopal Corporation of Timiskaming.

Bill read first time.

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

Hon. Mr. Choquette: With leave, next sitting.

DIVORCE

PETITIONS

Hon. Arthur W. Roebuck: Honourable senators, I beg to present some 60 petitions for divorce. Honourable members will be interested to know that these bring the total number of petitions presented at this session to 424. I should add that the time for presenting petitions expired yesterday, so there will be no further petitions presented at this session.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-79, for the relief of Benita Gertrude Kozlov Cohen.

Bill SD-80, for the relief of Marie Marguerite Amelia Genier Wright.

Bill SD-81, for the relief of Winifred Jean Garrett Somers.

Bill 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.

Bill SD-83, for the relief of Marc Bernard, otherwise known as Manny Bernard.

Bill SD-84, for the relief of Marcelle Gagnon Lachance.

Bill SD-85, for the relief of Jean Claude Albert Leonard.

Bill SD-86, for the relief of Anne McCluskey Templeton.

Bill SD-87, for the relief of Lillian May Seymour Perez.

Bill SD-88, for the relief of Lucille Esther Hudson Donnelly.

Bill SD-89, for the relief of Dorte Glahn Carnie.

Bill SD-90, for the relief of Marie Therese Carmen Pauline Legault Lortie.

Bill SD-91, for the relief of Joseph Leo Nolet.

Bill SD-92, for the relief of Naomi Ruth Wolfson Fischel.

Bill SD-93, for the relief of Florence Lillian Henderson Pinkney.

Bill SD-94, for the relief of Francine Major Daigneault.

Bill SD-95, for the relief of Odette Lemay Dussault.

Bill SD-96, for the relief of Joan Collie Showler.

Bill SD-97, for the relief of Johanna Hendrika Jilderda Haring.

Bill SD-98, for the relief of Patrick Charles Stanford.

Bill SD-99, for the relief of Beryl Elizabeth Scrase Laliberte.

Bill SD-100, for the relief of Barbara May Ramsey Bryant.

Bill SD-101, for the relief of Joyce Sherman Fogel.

Bill SD-102, for the relief of Wilfred David Oliver.

Bill SD-103, for the relief of Joseph Urban.

Bill SD-104, for the relief of Olive Margaret Lester James.

Bill SD-105, for the relief of Florence Mildred Matthews Dawe.

Bill SD-106, for the relief of Marie Berthe Helene Guerard Maher.

Bill SD-107, for the relief of Marie Juliette Pauline Josette Beaudoin Said.

Bill SD-108, for the relief of Judith Margaret Bianchi Sartori.

Bill SD-109, for the relief of Clarabel Ellement Vaillancourt.

Bill SD-110, for the relief of Alice Elizabeth Edden Aumais.

Bill SD-111, for the relief of William Gordon Heughan.

Bill SD-112, for the relief of Roland Doutre.

Bill SD-113, for the relief of Gerald Edward Burnham.

Bill SD-114, for the relief of Ottilie Wilhelmine Auguste Stegelitz Carpentieri.

Bill SD-115, for the relief of Francine Josephine Ghislaine Boisdenghien Lebrun.

Bill SD-116, for the relief of Doris Cahill Chabot.

Bill SD-117, for the relief of Ruth Marsha Yanover Caunter.

Bill SD-118, for the relief of Joseph Wilfrid Rene Fortier.

Bill SD-119, for the relief of Ingeborg Alves-Probst Wright.

Bill SD-120, for the relief of Paulette Priscilla Benning Buchanan.

Bill SD-121, for the relief of Irene Georgina Descyca White.

Bill SD-122, for the relief of Eszter Jeszenszky Tahy.

Bill SD-123, for the relief of Alice Latou Tubbs Wood Green.

Bills read first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

UNITED KINGDOM PRIME MINISTER

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. W. M. Aseltine: Honourable senators, with leave, I move, seconded by the Honourable Senator Macdonald:

That the address of the Prime Minister of the United Kingdom, the Right Honourable Harold Macmillan, to members of both Houses of Parliament, delivered on June 13, 1958, and other addresses delivered on that occasion, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*, and form part of the permanent records of this house.

Motion agreed to.

See appendix "A" to today's Hansard, *pp. 200-4.*

DESTRUCTION OF DOCUMENTS

INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

1. Is there a "Public Records Committee"?
2. On whose recommendation, at what date and how was it established?
3. What for?
4. Does it consist of representatives of various government departments?
5. If so, who are they, and to what department does each one belong?
6. Are their duties on the Public Records Committee a full time job?
7. Is operation "Sausage Mill" one of the duties of that committee?
8. If so, what is the meaning of the words "Operation Sausage Mill"?
9. What is the purpose of "Operation Sausage Mill"?
10. Are there any other operations with a name of *meat*, or any other name, within the scope of the Public Records Committee and what is their purpose?

11. Is it true that one of the duties of the Public Records Committee is "to check, examine and destroy" ninety per cent of 62 miles of shelving and 325,000 document boxes containing millions of separate documents?

12. Who will decide whether each one of those millions of separate documents has any historical or departmental value?

13. With regard to Mr. A. M. Whillins, who is in charge of the Public Works incinerator at Tunney's Pasture, Mr. W. W. Bilsland, the head of the disposal section, and Mr. D. W. Shadd, who is in charge of the reference section, wherefrom does each one come, and what are the qualifications and duties of each one?

14. Who will decide whether the ninety per cent of the documents, without any historical or departmental value, will be burned in the Public Works incinerator or will go to the junk man?

15. Who has already established a proportion of ten per cent of millions of separate documents with any historical or departmental value and of ninety per cent of millions of other separate documents without any historical value and how and when was it done?

16. Is the Canadian Government following the precedent of the United States Government, which made an operation similar to "Sausage Mill"?

17. Until now, how many of those documents have been (a) preserved for having a departmental or historical value (b) incinerated or (c) sold to the junk man?

18. Is it the intention of the Government to give back to the Provinces the thousands of bound volumes containing records of the old Department of the Interior, "many of which date back to Confederation and include early land grants, mining rights, etc."?

Hon. Mr. Aseltine: Honourable senators, I have the answers to the honourable gentleman's questions.

For text of answers see appendix "B" to today's Hansard, *pp. 205-6.*

NORTH AMERICAN AIR DEFENCE COMMAND

RESOLUTION FOR APPROVAL OF CANADA-UNITED STATES AGREEMENT—DEBATE ADJOURNED

On the notice of motion of Hon. Mr. Lambert:

That the 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, 12th May, 1958, which was tabled in this house on Monday, 19th May, 1958, and printed as an appendix to the Minutes of the Proceedings of the Senate and to the Debates of the Senate on Thursday, 22nd May, 1958, be referred to the Standing Committee on External Relations for consideration and report.

Hon. W. M. Aseltine: Honourable senators, with the consent of the honourable the senior senator from Ottawa (Hon. Mr. Lambert), and with the consent of the Senate, I would like to proceed with the next motion on the Order Paper, which stands in my name.

Hon. Senators: Agreed.

Hon. Mr. Aseltine: Honourable senators, I therefore move, seconded by the Honourable Senator Haig:

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, 12th May, 1958, and that this house do approve the same.

Honourable senators, I do not pretend to be an expert on foreign affairs, but I will explain the North American Air Defence Command Agreement, commonly known as NORAD, to the best of my ability. Honourable senators will remember that this agreement was tabled in this chamber about four weeks ago, and in order to enable honourable members to study it at their leisure the whole agreement was printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of May 22. I also draw attention to the fact that on December 5, 1957 there was a full debate on the NORAD agreement in the House of Commons. Again, quite recently a long debate on the matter took place in the other house, which no doubt honourable senators have followed. On Thursday last the agreement was finally approved by that house by quite a large majority. I now submit the agreement to honourable senators for their approval.

When NATO was first conceived it was thought that the nations of Western Europe were in danger of being overrun, and no doubt they are still in great danger in that respect. As a result, particular emphasis was placed on the defence of those nations, and we still have large air and land forces stationed in Western Europe. However, with the advent of terrible nuclear weapons it is now considered that the North American continent may also be in great danger of a nuclear attack from the north, which, unless every precaution is taken in advance, might result in Canada and the United States of America being wiped out.

Honourable senators may have seen and listened to the interview with John Foster Dulles over television last evening. I listened very carefully to what he had to say, particularly his statement that if a war should start at the present time it would very likely begin with an invasion of Canada, the United States, and, indeed, the whole of the North American continent, from the north. He stressed the seriousness of the matter, and suggested, as I gathered, that every step should be taken with the view to protecting us from an invasion of that kind.

Geographically, Canada is in a very vulnerable position. We have not much to fear from a land attack, but we have much

to fear from an attack by air from the north. In fact, in my opinion, we are in danger of being attacked also from the Pacific and from the Atlantic by nuclear weapons discharged from submarines, and therefore we should be ready for that possibility, and I believe this agreement is a step in the right direction.

Honourable senators will no doubt agree with me that Canada alone does not have the necessary air power, manpower, and other resources to defend its extensive territories in the event of any such attack as I have mentioned. The United States has these resources in abundance, and therefore it seems to me that an agreement such as NORAD is necessary with respect to our joint defences. We need the help of the United States, and they also need our assistance. To accomplish this end mutual sacrifices are most necessary. Accordingly, NORAD is a very important agreement, and our survival may well depend on it. Moreover, honourable senators, our relations with Soviet Russia have not improved in recent times. As witness to this we have the recent unsatisfactory, evasive replies to our own Prime Minister, which, in my opinion, make an agreement like NORAD more vitally important than ever. We have also in mind the executions which took place in Hungary recently, going to show that there has been no change since Stalin's death. In fact, in my opinion, matters are going from bad to worse.

The honourable senator from Churchill (Hon. Mr. Crerar), in his remarks the other day, to which I listened with great attention, stated that an economic contest is looming up with Soviet Russia, and he may be correct in what he said on that occasion. No doubt we shall have to defend ourselves against that kind of attack, but let us not be led astray by the economic threat and neglect our other defences against a military attack to which Canada and the North American continent as a whole would be most vulnerable. NATO, in my opinion, is still necessary. NORAD, as an adjunct to NATO, is now more necessary than ever, and I feel sure that this chamber will endorse it by giving the agreement its wholehearted support and approval.

With these introductory remarks, honourable senators, I now come to the NORAD Agreement itself which, as already stated, deals with a further measure to be taken by Canada and the United States of America in providing for their mutual defence. First, however, I want to give honourable senators the historical background leading up to the agreement.

The defence co-operation between Canada and the United States of America had its origin in what is known as the Ogdensburg Agreement of August 1940, when a declaration was made by the President of the United States and the Prime Minister of Canada regarding the desirability of defence collaboration between the United States and Canada.

As all honourable senators are no doubt aware, this arrangement was very effective during the last world war in the political, military and supply fields.

In November 1945 the United States Government forwarded a request to the Canadian Government urging that collaboration in defence, which was so effective throughout the last war, should be continued and that Canada and the United States should agree to the continuance of the Joint Board on Defence and set up military arrangements to ensure the close co-operation of the defence forces of both countries in the defence of Canada and the United States of America. As a result of this approach, it was agreed that the Joint Board on Defence would be continued and that a military co-operation committee would be set up directly responsible to the Chiefs of Staff of each country to discuss and formulate joint measures for the defence of Canada and the United States.

This agreement, honourable senators, was finalized by a joint statement of both countries, and Parliament was informed of it on February 12, 1947. Therefore it can be said that defence co-operation and collaboration existed between Canada and the United States without a break and with continued impetus since 1940.

I would like to say further that in April 1949, when Canada and the United States signed the NATO Agreement, the arrangements and procedures for defence collaboration were continued under the Canada-United States regional group as one of the regional groups of the North Atlantic Treaty Organization. I also want to say this, that collaboration in air defence was undertaken soon after the close of the last war, and a joint effort was made to develop a comprehensive air defence system for the common defence of North America.

This system comprises an aircraft control and warning radar installation in the southern part of Canada known as the Pinetree System, which was jointly built and is jointly operated by Canada and the United States. This was followed in 1953 by joint agreements for the construction of the Mid-Canada Line and the Distant Early Warning Line and a common communication system. For administrative convenience these projects were constructed separately by each of the Governments mentioned but they are operated along with the Pinetree Chain as a complete early warning and interceptor system.

In order to work out these intricate air defence problems of an operational and scientific nature a joint Canada-United States study group consisting of service officers and scientists was set up in 1955.

I mentioned a moment ago that we have been co-operating with the United States in developing an air defence system, and much has been achieved on this basis of co-operation on an informal level. However, the high speed of modern aircraft, which now travel at twice the speed of sound, and the ranges of air defence weapons, which have been extended to over 200 miles, require rapid decisions which could not always be accomplished under our previous arrangements which required consultation of national commanders. The previous arrangements did not, therefore, provide authoritative control of all the weapons which could be profitably employed against any hostile attacks which might be made on North America. It was clear that the whole air defence system must be planned and operated as one single integrated system. Under our previous arrangements all that we were able to do was provide a common basis for separate Canadian and United States plans, which were difficult to co-ordinate after their original conception. Indeed, these were sometimes changed by one country without reference to the other, although one nation's plans are dependent upon those of the other. For these reasons there has been a growing recognition in both countries of the need for a more complete integration of planning and operational functions of air defence.

One of the lessons which came out of the last war was that in conducting joint operations in war the commanders concerned must have complete confidence in one another. This requires them to work together in peacetime to establish that confidence which is necessary and desirable, and to practise with the same set-up that they intend to use or will have to use in time of war.

These deficiencies in our most vital defence arrangements were apparent to the Chiefs of Staff of both countries. Therefore on May 14, 1956 the Canadian and United States Chiefs of Staff agreed to direct the Canada-United States Joint Study Group to study ways and means to integrate operational control of the continental air defence forces of Canada and the United States, and to bring down recommendations for the implementation of such a plan, including a joint headquarters.

In December 1956 the Joint Study Group made a report to the Chiefs of Staff of both countries. This report was studied very thoroughly by the Chiefs of Staff of Canada and the United States and was accepted as a basis for working out a joint agreement between our two countries. Preliminary arrangements were completed in March 1957 for consideration of these proposals at the Government level, but as Parliament was dissolved early in March it was not possible to complete consideration of this arrangement.

In early July this proposal was placed before the Government for consideration, and agreement was reached for an interim arrangement for the establishment of a joint headquarters and for the implementation of a system of operational control for the air defence forces of Canada and the United States, pending the negotiation of terms of reference for the joint headquarters and negotiation of a governmental agreement.

On August 1 a joint statement was issued by the Minister of National Defence for Canada and the Secretary of Defence of the United States. This joint statement agreed in principle to the setting up of a system of integrated operational control and the establishment of an integrated headquarters for working out plans and procedures in peacetime to be ready for immediate use in an emergency. It was essential to secure agreement in principle between the two countries as a first step to the development of a system of operational control and the working out of suitable terms of reference for the commanders concerned prior to the working out of an intergovernmental agreement. It should be emphasized that there was no precedent for this type of an integrated air defence command, and it was therefore necessary to secure agreement in principle and make tentative appointments of the commanders concerned so that they could study the problems, work out terms of reference for approval by the Chiefs of Staff of both countries, and be able to advise the Chiefs of Staff and the Governments concerned regarding the conditions which should be included in any intergovernmental agreement.

The responsibilities of this joint headquarters will be as follows:

(1) In peacetime: the development of plans and procedures to be used in war. These plans and procedures are to be agreed to in peacetime and be ready for immediate use in an emergency. They will be reviewed, amended or approved by the Chiefs of Staff of both countries and Government approval will be sought before any plans are implemented. It will be responsible for the general pattern of training and the general supervision of practice exercises in order to ensure the readiness of the forces and facilities in time of emergency.

(2) In war: in time of war it will be responsible for the direction of air operations in accordance with the plans which had been agreed in peacetime. The main part of the exercise of operational control is done in peacetime in formulating operational plans and procedures to come into effect immediately this country is threatened. Once the air battle is joined the Commander-in-Chief, North American Air Defence Command, will keep the subordinate commanders informed of the overall enemy air situation and he will be in a position to reinforce threatened areas with the forces that are available.

These interim arrangements were set up early last September to ensure that during the period when the negotiations were under way regarding the terms of reference and the approval of the notes between the countries there would be a positive defence plan in effect. As and when the resolution now before Parliament has secured approval, these interim arrangements, with any modifications which have arisen as a result of these discussions, will be confirmed, as will be the appointments of the commanders.

Honourable senators, I would like now to refer to paragraph 1 on page 3 of the agreement—not page 3 of our *Hansard*.

Hon. Mr. Connolly (Ottawa West): Page 77 of the Senate *Hansard*.

Hon. Mr. Aseltine: Paragraph 1 deals with the responsibility of the Commander-in-Chief to the Chiefs of Staff of both countries, the Chiefs of Staff in turn being responsible to their respective Governments for all arrangements made under this joint command; and further requires the Commander-in-Chief to operate within an agreed concept for air operations which will be drawn up and agreed to on the conclusion of these present discussions.

Paragraph 2 limits the control responsibilities of the commander to those forces especially allocated to him and limits his responsibility to operational control.

Paragraph 3 outlines what is meant by "operational control" and outlines the commander's responsibilities for temporary reinforcing from one area to another including the crossing of the international boundary and that sort of thing.

Paragraph 4 deals with the appointment of the Commander-in-Chief and his deputy and gives to the deputy the full responsibility of command should the commander be absent.

Paragraph 5 deals with the association of this command to NATO through the Canada-United States Regional Group.

Paragraph 6 clarifies the responsibility of the Commander-in-Chief regarding the formulation of plans for implementation in an emergency.

Paragraph 7 deals with the terms of reference.

Paragraph 8 provides for the working out by mutual agreement and the sharing of costs.

Paragraph 9 deals with the tenure of the arrangement.

Paragraph 10 deals with the status of forces, which implies that any Canadians who are in the United States will be protected under the North Atlantic Treaty regarding the status of forces of all NATO troops, and refers to the London Agreement of June 19, 1951.

Finally, paragraph 11 places the responsibility of the Commander-in-Chief to consult and reach agreement before making any releases to the public regarding matters of Canadian interest.

This note, setting out the terms of the agreement, was forwarded by the Canadian Ambassador to the United States to the United States Government. It was stated that if the note was acceptable to the United States Government, and Canada was notified to that effect, it would constitute an agreement between the two countries. On May 12 the Secretary of State of the United States of America acknowledged receipt of this note, and notified our ambassador that the principles set out in it were satisfactory. Accordingly, from May 12, 1958, the note and the reply constituted an agreement between the two Governments.

In brief, honourable senators, that is an explanation of the treaty or agreement. It may seem somewhat involved, but actually the subject has been under consideration for a long time, in fact a number of years, and the agreement is the product of the best military and diplomatic minds of both countries. If honourable senators wish to have more information about it, there will be no objection to having a meeting of the Standing Committee on External Relations. If such a meeting should take place, no doubt certain high officials of the Departments of National Defence and External Affairs will be glad to attend to make statements and answer questions.

On motion of Hon. Mr. Connolly (Ottawa West), debate adjourned.

AGREEMENT REFERRED TO COMMITTEE

Hon. Norman P. Lambert moved:

That the 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, 12th May,

1958, which was tabled in this house on Monday, 19th May, 1958, and printed as an appendix to the Minutes of the Proceedings of the Senate and to the Debates of the Senate on Thursday, 22nd May, 1958, be referred to the Standing Committee on External Relations for consideration and report.

He said: Honourable senators, little remains for me to say with respect to this resolution, in the light of the very excellent statement which has been made by the honourable Leader of the Government (Hon. Mr. Aseltine). There are a number of aspects of this subject upon which I would like to speak at a later date, but I think all that is necessary for me to do now is to move the reference of this very critical and important agreement to the committee for consideration, for enlightenment, and the acquisition of such information as it is permissible to obtain.

Motion agreed to.

PROCEDURE

Hon. Mr. Roebuck: May I suggest that the proceedings of that committee be reported? A number of us who will be unable to attend would like to be able to read a record of the proceedings.

Hon. Mr. Aseltine: I do not know to what extent considerations of secrecy may be involved. I think it would be well to wait until the committee assembles.

Hon. Mr. Croll: If secrecy in any respect is involved, the person who is giving evidence will simply say that, for reasons of security, he cannot answer. That is the normal procedure. In that event there will be nothing to take down.

Hon. Mr. Aseltine: I would ask the honourable senator from Ottawa (Hon. Mr. Lambert) if it will be possible to have a meeting of the committee on Thursday morning at 10.30.

Hon. Mr. Lambert: I am quite in agreement with that suggestion. I think it would be very desirable to have the meeting as soon as possible.

Hon. Mr. Aseltine: I understand that the witnesses will be available at that time.

Hon. Mr. Lambert: Another committee has already been called to meet on Thursday morning, but I believe it will be possible to have the meeting of the External Relations Committee that morning, with ample time to inquire into such questions as may arise. So far as stenographic recording is concerned, that matter is attended to by the Chief Clerk of Committees, and he will be asked to make the necessary arrangements.

Hon. Mr. Hugessen: Honourable senators, may I ask a question concerning procedure? We are doing two things: first, we are adjourning the debate on the resolution of the honourable Leader of the House (Hon. Mr. Aseltine); second, we are referring the material of that resolution to the Standing Committee on External Relations for consideration and report. I suppose that, under these circumstances, resolution No. 2, the resolution standing in the name of the Leader, will have to be held over until the committee has reported on the agreement referred to it under resolution No. 1.

Hon. Mr. Lambert: That is so.

Hon. Mr. Aseltine: I do not think that is the way it is.

Hon. Mr. Macdonald: I would think that the resolution which stands in the name of the honourable Leader of the Government (Hon. Mr. Aseltine) should now be transferred to Orders of the Day. There is nothing to prevent further debate on that resolution. However, it seems to me most advisable that a final decision concerning it should await the report of the External Affairs Committee. A bill, of course, after it receives second reading in the house,—that is, after it is approved in principle—then goes to committee for further consideration and comes back to the house for final approval. With respect to the matter now before us, although the procedure which is being adopted is a little unusual—the house having unanimously passed the resolution moved by the honourable senator from Ottawa (Hon. Mr. Lambert)—I see no reason why the motion of the honourable Leader of the house should not be transferred to the orders of the day.

Hon. Mr. Lambert: Honourable senators, may I suggest that in view of the disposition of this subject, the agreement having been referred to the Standing Committee on External Relations, the resolution which is on the Order Paper in my name now automatically disappears.

Hon. Mr. Macdonald: That is right.

Hon. Mr. Lambert: And the resolution that the honourable Leader of the Government (Hon. Mr. Aseltine) has presented tonight on this agreement which has been referred to the Committee on External Relations will await adoption by the Senate, until after honourable members hear the report from that committee. I think that clarifies it. The whole procedure here is for the purpose of ratifying this agreement just as it was ratified in the other house.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I wonder whether this suggestion might help? I make it out of the top of my head, if I may say so. I wonder if the

honourable senior senator from Ottawa (Hon. Mr. Lambert) might allow his motion to be dropped in view of the fact that the honourable Leader of the Government in the Senate has suggested that this agreement will be referred to the Standing Committee on External Relations?

Hon. Mr. Aseltine: I cannot amend my motion. I have to leave it in the same form as it appeared in the other house.

Hon. Mr. Connolly (Ottawa West): I am not suggesting that the honourable Leader of the Government should amend his motion. He has already said he thought it would be an appropriate procedure to refer the subject-matter of his motion to the Committee on External Relations.

Hon. Mr. Macdonald: The honourable the senior senator from Ottawa (Hon. Mr. Lambert) has already suggested that his motion would now be dropped.

Hon. Mr. Connolly (Ottawa West): I am sorry.

Hon. Mr. Lambert: With all due respect to my honourable friend from Ottawa West (Hon. Mr. Connolly), I just made that precise suggestion but I assume he did not hear me. My resolution automatically disappears from the Order Paper.

BUDGET PAPERS

PROPOSED TABLING IN SENATE

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, before the Orders of the Day are proceeded with may I draw the attention of the house to a document entitled "Budget Papers" presented by the Honourable D. M. Fleming, M.P., for the information of Parliament in connection with the budget of 1958-59. These Budget Papers were tabled in the House of Commons and were stated to be for the information of Parliament. Now, as the Senate is a very important—if not the most important—section of Parliament, I would suggest that these Budget Papers be tabled in this house and I would ask the Leader of the Government if this can be done.

Hon. Mr. Aseltine: I do not think there is any objection to that being done, if my honourable friend the leader opposite (Hon. Mr. Macdonald) wants it.

Hon. Mr. Croll: It would be in order for somebody to move that this be done. The Leader of the Government has no authority to do it. There needs to be a motion if they are to be inserted in *Hansard.*

Hon. Mr. Macdonald: I am asking not that they be inserted in *Hansard,* but just tabled in the Senate.

DIVORCE

BILL—THIRD READING

Hon. Mr. Roebuck moved the third reading of Bill SD-56, an Act for the relief of Margaret Patricia Winckworth Thornton Sherwin.

He said: Honourable senators, may I just give this explanation. It was for purely technical reasons that I asked that this bill be taken out of the list of divorce bills that I moved be given third reading just before the recess. The technical difficulties have been removed since then, so the bill is now ready to be passed.

Motion agreed to, and bill read third time and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX "A"

(See p. 193)

ADDRESS

of

THE 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 Honourable J. G. Diefenbaker, Prime Minister of Canada, and thanked by the Honourable Mark Robert Drouin, Speaker of the Senate, and the Honourable 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.

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 co-operation 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 mision 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 Honourable the 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 Honourable 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 Honourable Anthony Eden, who played such a great part in the administration of the foreign affairs of his country. Today we welcome you, the Right Honourable 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, as were 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 from 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.

APPENDIX "B"

(See p. 194)

DESTRUCTION OF DOCUMENTS

Inquiry by the **Hon. Jean-François Pouliot:**

1. Is there a "Public Records Committee"?
2. On whose recommendation, at what date and how was it established?
3. What for?
4. Does it consist of representatives of various government departments?
5. If so, who are they, and to what department does each one belong?
6. Are their duties on the Public Records Committee a full time job?
7. Is operation "Sausage Mill" one of the duties of that committee?
8. If so, what is the meaning of the words "Operation Sausage Mill"?
9. What is the purpose of "Operation Sausage Mill"?
10. Are there any other operations with a name of *meat*, or any other name, within the scope of the Public Records Committee and what is their purpose?
11. Is it true that one of the duties of the Public Records Committee is "to check, examine and destroy" ninety per cent of 62 miles of shelving and 325,000 document boxes containing millions of separate documents?
12. Who will decide whether each one of those millions of separate documents has any historical or departmental value?
13. With regard to Mr. A. M. Whillins, who is in charge of the Public Works incinerator at Tunney's Pasture, Mr. W. W. Bilsland, the head of the disposal section, and Mr. D. W. Shadd, who is in charge of the reference section, wherefrom does each one come, and what are the qualifications and duties of each one?
14. Who will decide whether the ninety per cent of the documents, without any historical or departmental value, will be burned in the Public Works incinerator or will go to the junk man?
15. Who has already established a proportion of ten per cent of millions of separate documents with any historical or departmental value and of ninety per cent of millions of other separate documents without any historical value and how and when was it done?
16. Is the Canadian Government following the precedent of the United States Government, which made an operation similar to "Sausage Mill"?
17. Until now, how many of those documents have been (a) preserved for having a departmental or historical value (b) incinerated or (c) sold to the junk man?
18. Is it the intention of the Government to give back to the Provinces the thousands of bound volumes containing records of the old Department of the Interior, "many of which date back to Confederation and include early land grants, mining rights, etc."?

Answer:

1. Yes.

2. The committee was established on the recommendation of the Secretary of State on September 20, 1945, by Order in Council P.C. 6175.

3. The duties of the committee are to keep under constant review the state of the public records and to consider, advise and concert with departments and agencies of government on the organization, care, housing, and destruction of public records.

4. Yes.

5. The membership of the committee is as follows:

The Secretary of State (Chairman)

The Dominion Archivist (Vice-Chairman).

Representatives named by:

The Minister of National Defence (3 members to represent the Navy, Army, and Air Services)

The Minister of Labour

The Minister of Public Works

The Minister of Trade and Commerce

The Secretary of State for External Affairs

The Minister of Finance

The Canadian Historical Association (2 representatives who are professional historians).

Secretariat is provided from the Privy Council Office. In addition, when questions specifically affecting the records of a department other than above are being dealt with, a representative from that department is present at the meeting.

6. No.

7. No.

8. The term "Sausage Mill" is unknown in the federal records operations.

9. Answered in No. 8.

10. No.

11. No.

12. The primary responsibility for recommendations on the destruction or preservation of any or all of its records lies with the department or agency. The Public Records Committee reviews these recommendations from departments and agencies and they are examined also by the Public Archives to ensure that nothing of lasting value is destroyed. The committee, when necessary, seeks advice on these matters from experienced historians and archivists. Final authority to destroy is given by the Treasury Board.

13. Mr. A. M. Willms is in charge of the Records Centre, Department of Public Archives, Tunney's Pasture.

He is a graduate of the University of Alberta (B.A., B.Ed.) and a graduate of the University of Toronto (M.A.).

Mr. Willms' duties are as follows:

Under direction, responsible for the general management of the Records Centre of the Public Archives, Tunney's Pasture; responsible for carrying out negotiations with Government Departments for the transfer of obsolete and non-active records to the Records Centre; supervises the receipt, screening, sorting and servicing of records transferred by government departments to the custody of the Public Archives; advises research workers

and others on matters contained in these records; performs other related duties as required.

Mr. W. W. Bilsland is in charge of the Accessions and Disposal Section of the Records Centre, Department of Public Archives, Tunney's Pasture. He graduated from the University of British Columbia (M.A.) and from the University of Toronto (B.L.S.).

Mr. Bilsland's duties are as follows:

Supervises operations and staff of the Accessions Section for accessioning departmental records for accessioning purposes; arranging the transfer of records to the Records Centre; supervises their rearrangement and the setting up of pertinent finding aids; prepares statistical reports; prepares destruction submissions to the Public Records Committee and supervises the destruction of relevant records.

Mr. D. T. Shadd is in charge of the Reference Section, Records Centre, Department of Public Archives, Tunney's Pasture, and graduated from the University of New Brunswick (B.A.). He also has a B. Ed. from Acadia University and an M.A. from the University of Toronto.

Mr. Shadd's duties are as follows:

Supervises operations and staff of the Reference Section. Carries out research on individual inquiries and drafts correspondence and memoranda related thereto; consults with supervisor to devise policies and procedures and to arrange all matters relating to the Reference Section.

Messrs. Willms, Bilsland and Shadd are employees of the Department of Public Archives.

14. No set percentage governs the preservation or destruction of old records. In some instances, all must be preserved; in others, whole files may be destroyed. Whether or not records are burned or sold as waste paper is determined by their security classification; this classification is determined by the department in which the files originated.

15. No set percentage has yet been determined.

16. The Records Centre operation resembles similar operations being carried out in the United States.

17. (a) Records deposited at the Records Centre—96,946 cubic feet; (b) and (c) Approximately 7,900 cubic feet have been destroyed. A breakdown of (b) and (c) not available.

18. Under the Natural Resources Agreement of 1930 with the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia, the federal Government agreed to transfer to the provinces on request, originals or copies of all Department of the Interior records dealing exclusively with Crown lands and minerals, and to provide access to any other records required for the effective administration of Crown lands, mines, minerals, timber and royalties. All Dominion Lands Agency field office files and records were turned over immediately to the provinces concerned, and in 1931 Manitoba, Saskatchewan and Alberta entered into supplementary agreements with the federal Government, whereby both parties agreed to safeguard all records in their custody. Pursuant to these agreements, a large percentage of the Department of the Interior Head Office land records, files and registers have been transferred to these three provinces. The Province of British Columbia advised that they were not interested in acquiring similar records for the Railway Belt and Peace River Block and would not enter into a comparable agreement for the safekeeping of any material transferred to them, so these records have been placed in the Dominion Archives.

General files and policy files concerning the natural resources of the western provinces were retained by the federal Government, and are under continuing examination in order to ensure that all records containing information of historical significance are placed in the permanent custody of the Dominion Archives. The federal Government also retained 1,039 bound volumes of letter press copies of Letters Patent covering approximately 520,000 grants of Dominion Lands issued by the Department of the Interior between 1883 and 1930, together with complete geographic and alphabetic cross-reference indices and registers. Each volume contains copies of Letters Patent covering lands in all four of the western provinces, as they were recorded in straight numerical sequence, chronologically, regardless of the location of the lands. These volumes cannot be separated without irreparable damage due to their construction and antiquity, and the legal opinion had been expressed that facsimile copies of Letters Patent can only be considered as acceptable legal evidence for so long as they remain in the bound books in which they were originally placed. Therefore, they have been kept intact and are maintained by the Department of Northern Affairs and Natural Resources (formerly the Department of the Interior), which furnishes certified true copies of these documents to the provinces concerned on request, in accordance with the terms of the Natural Resources Agreements.

THE SENATE

Wednesday, June 25, 1958

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

Prayers.

Routine proceedings.

PRIVATE BILL

BURRARD INLET TUNNEL AND BRIDGE COMPANY—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-4.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-4) intituled: "An Act respecting the Burrard Inlet Tunnel and Bridge Company", have, in obedience to the order of reference of June 12, 1958, examined the said Bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. McKeen: With leave of the Senate, I move the third reading now.

Motion agreed to and bill read third time and passed.

HOSPITAL INSURANCE AND DIAGNOSTIC SERVICES BILL

REPORT OF COMMITTEE

Hon. Joseph A. Sullivan, Acting Chairman of the Standing Committee on Public Health and Welfare, presented the report of the committee on Bill C-30.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Public Health and Welfare, to whom was referred the Bill (C-30) intituled: "An Act to amend the Hospital Insurance and Diagnostic Services Act", have, in obedience to the order of reference of June 24, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate I move the third reading now.

Hon. David A. Croll: Honourable senators, before this bill is read the third time, I have a few observations that I would like to have made yesterday but did not have the opportunity.

This is a good bill, and I support it; as a matter of fact, I support it wholeheartedly. The honourable gentleman who moved the second reading yesterday (Hon. Mr. Brunt), made a very clear and informative statement, but he neglected to mention that the bill was Liberal legislation, passed by the Government of yesterday, and amended—and as a matter of fact improved—today. The bill permits the dominion Government to make contributions to any province which has signed an agreement and has in force a provincial law on hospitalization. It contains two minor amendments and one major one. The major amendment is of consequence. The law as originally passed contained a limitation: in effect it provided that unless Canada's central provinces participated the act could not go into effect. That was an unreasonable and unjustified veto. I opposed it in other places and at other times because it placed the dollar tag on the health of the people. I urged a change, and so did others, because a precedent was being created which we objected to.

Many members of this house will remember that in the early 1920's an old age pension bill was passed. The precedent then established was to the effect that the dominion Government said to the provinces: "Come and get it. If you want to participate you can, and if you don't want to participate you need not." Some provinces joined immediately and others took two or three years. One province took nine years before it got tired of contributing to the exchequer of Canada money which was used for pension purposes in other provinces. But that was a matter for the province and no one except the people residing in that province had any reason to complain.

This hospital insurance legislation varied that principle to the extent, as I say, of giving a veto to both the central provinces, something that was resented in the rest of the country, for Saskatchewan, Alberta and British Columbia already had hospital insurance plans, and good ones too. My own view is that the best plan in existence is in Saskatchewan. That may be a matter on which there is varied opinion. At any rate, these provinces are ready to participate immediately, and it is a very healthy indication

that Newfoundland too has been pressing the Government to bring the bill into effect.

I regret—and I mention here something that I think should be mentioned—that the Government did not see fit to carry the amendment further so as to make the act cover tubercular and mental patients. That is a failure in the act, and it is something which should be righted as quickly as possible. As was indicated by the honourable senator from Churchill (Hon. Mr. Crerar), the act at present has some shortcomings, particularly as to uniformity. This can be easily understood and it will take some time to iron out the kinks. But it is not enough for us to say "I told you so". It seems to me that the people of Canada should pitch in and make the bill work, and if it has deficiencies they will be corrected in due time.

It is also very noteworthy that the medical profession accepted the merit of hospital insurance. They have done more than that; today they have accepted an extension of the hospital insurance principle. So we have reason to hope that in the not too distant future they will accept further extensions of benefits in the field of health. As we deal with this legislation it takes on new importance because by it we are laying the groundwork for what is inevitable, the establishment of a health insurance plan. Certainly we need a health insurance plan. The best model I know of, as I have said on other occasions in this house, is in Britain. We need health insurance in Canada and we can afford it.

I came across an interesting letter which was published in the Toronto *Globe and Mail* on Saturday, April 26, 1958. It was written by a distinguished Hamilton doctor and as many honourable senators may not have seen it I think it would be worth while if I read it to the house. It is addressed to a doctor, and I quote:

> To my colleague, Dr. Wallace, I would say:
>
> "Look back upon that lonely road from whence you came, that rough, uneven footpath, for its day is done. It will soon be closed for ever. Sigh if you must, even shed tears for its rapacious glories, but face the truth—the custom today is to build broad four-lane highways. Glare at these new highways, grimace, make faces, abuse them—but they are the only ones that can adequately meet today's transportation needs.
>
> "Medicine, too, needs the new look, the four-lane highway, namely, the national hospital plan and the national health insurance plan. Let's stop the foolish beefing and get on with the job. Instead of bucking this plan, as the doctors in England did originally, we should get behind it and offer the Government our help in formulating it in such fashion that it will be of optimum value to all parties concerned, namely, the public, the Government, and the doctors.
>
> "Why make snide remarks about blackmail and a Welfare State? How can such observations operate in the best interests of public relations? And why be so frightened? Terrified of change? Unable to face progress? Longing to go back to the really rugged no-ceiling-on-hours, no-floor-under-wages days, the days of sweat shops, child labour, and the white plague? Prefer this type of hell to the Welfare State? Why? The practice of good medicine has its economic as well as its scientific aspect. How good a job do we do as doctors when we make a brilliant physical diagnosis, prescribe an operation as a cure, then shock the patient into a psychosis by telling him what it will cost?"
>
> Hamilton. Harry Paikin, M.D.

I cannot improve on that, honourable senators. I can only say how glad I am to have the present amendment to the act, with the hope that before very long there will be further useful amendments.

Hon. Mr. Sullivan: Will the honourable senator permit a question?

Hon. Mr. Croll: Certainly.

Hon. Mr. Sullivan: Would you please repeat the name of the doctor?

Hon. Mr. Croll: Harry Paikin, M. D. He is a well-known and distinguished Hamilton practitioner.

Hon. T. A. Crerar: Honourable senators, it is not my intention to delay third reading of the bill. Probably I should not have risen, had it not been for the remarks of my good friend the honourable senator from Toronto-Spadina (Hon. Mr. Croll). I must say at once that I cannot share his fervid enthusiasm for this measure. There are a few facts that I think the house should know—facts which were revealed in committee this morning and are not before the Senate at this moment. It is estimated that if this scheme is brought into effect throughout the ten provinces of Canada before the end of this year, the total expenditure required for 1959 will be at least $430 million, of which the federal treasury's contribution will be $215 million. With declining gross national product, honourable senators, and the decline in corporation profits, together with unemployment, I can imagine that that is not a particularly pleasing prospect for the Minister of Finance to face. However, let that be. We were further told in committee that the total cost of $430 million shared equally between the provinces and the federal Government is not, and cannot be regarded, as the limit of the total expenditures that may be required. If costs advance 10 per cent in the next year, we were told, we can expect the costs under this bill to increase by an equivalent amount. Therefore, we must face the fact that this proposed legislation will project into the future and we do not know what the total cost in the end may be.

I would say this, that if this measure is administered with reasonable efficiency it is

not going to depend on the Governments which are behind it, but on the doctors who have to look after their patients, because there will be strong pressure to have the slightest physical complaint treated in a hospital and come under this measure. The only restraint on that kind of thing will be the good faith of the medical men of this country. They will need courage and plenty of it, and I might add they may suffer a degree of unpopularity also if they tell some patients who desire to take advantage of free hospital care, "There is no need for you to go to a hospital." That will be the acid test.

I do not object to welfare legislation, but I do deplore the easy fashion in which we rush into expenditures of all kinds. The essential purpose of Parliament is to protect the taxpayer's money and to see that it is wisely spent.

We have had hope that taxation might be reduced. Honourable senators, we can dismiss that hope—there is no prospect of its being realized for many years to come. The only hope we now have is that we can keep our total expenditures at approximately or nearly the present level, excepting where higher costs may be necessitated by growth in population, and then trust to an increase in the gross national product to reduce the individual burden on each taxpayer. The matter to me is one of great importance. The country and Parliament, I am afraid, have sort of become bemused with public expenditures and the notion is widespread everywhere that the spending of public money will solve every economic question. Now, it does not solve every economic question. There is a human equation in all these questions that cannot be solved by the spending of public money. As far as hospital insurance is concerned, I just wished to place before the house the estimate of the total cost of the scheme, and to indicate that we need not be surprised in future if the costs rise substantially above the figures I mentioned a few moments ago.

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

CANADA AGRICULTURAL PRODUCTS STANDARDS BILL

REPORT OF COMMITTEE

Hon. A. L. Beaubien, Acting Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill C-17.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (C-17) intituled: "An Act to amend the Canada Agricultural Products Standards Act", have, in obedience to the order of reference of June 11, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Lionel Choquette: With leave of the Senate, I move the third reading now.

Hon. W. Ross Macdonald: Honourable senators, before the bill is read the third time I would like to mention something that was brought to the attention of the committee this morning by the honourable senator from Ottawa East (Hon. Mr. Choquette): It will be recalled that a couple of weeks ago, when this bill was under consideration in the Senate, we were all quite surprised to find that the original act had not been proclaimed and there was considerable discussion on this point. The honourable senator from Ottawa East informed the committee this morning that the act was proclaimed on June 13, so probably the Government took notice of our discussion.

Hon. Mr. Quinn: That proves the value of a good Opposition.

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

PRIVATE BILL

TRANS MOUNTAIN OIL PIPE LINE COMPANY—FIRST READING

Hon. Stanley S. McKeen presented Bill S-6, respecting Trans Mountain Oil Pipe Line Company.

Bill read first time.

Hon. W. Ross Macdonald: May I ask the honourable senator a question? Is this bill similar to one which was introduced in this house last year?

Hon. Mr. McKeen: Honourable senators, this bill is exactly the same in the operative section, word for word, as the bill introduced in this house in January 1957, and which was passed by this house and sent to the Commons but did not arrive at the stage of a vote in that house. The bill is being reintroduced this session.

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

Hon. Mr. McKeen: Honourable senators, I have been one of those who wish to see plenty of time given to honourable senators to study legislation so that no measure may

pass without their full knowledge. But in this particular case a similar bill has already been passed by this house, so it hardly seems necessary to have the usual delay between the readings of the bill. I do not wish to suggest any haste in dealing with the measure, but if it is agreeable to the house I would move that the bill receive second reading today, and then be referred to the Standing Committe on Transport and Communications—the same committee that considered the similar bill last year—where any other questions could be answered.

Hon. Mr. Haig: Honourable senators may I interject a suggestion that the honourable senator should tell us what this bill contains? This bill, or one similar to it, was before the House of Commons early in 1957 and, if my memory serves me right, it was talked out.

Hon. Mr. Roebuck: I think second reading should stand until tomorrow.

Hon. Mr. Haig: In this case I think the Senate should be careful to know what it is doing. The honourable senator has not given us the usual explanation on second reading or told us what the bill is intended to do. True, it was explained at a previous session, but there are new senators here who do not know what was done then.

I can perhaps speak with some authority about this particular measure, because I happen to be a shareholder in the company. I do not quite know what I should do; maybe I should just keep quiet.

Hon. Mr. Macdonald: You won't be able to vote.

Hon. Mr. Haig: That is what you say.

Hon. Mr. Macdonald: I'll be watching you.

Hon. Mr. Haig: I think as a shareholder I am more than ever entitled to know the purpose and content of the bill on second reading. Of course, all honourable senators should know and understand what matters are being passed by the Senate. We have a procedure laid down and it has been found to be satisfactory. In a case like this, especially where the House of Commons has already talked out a similar bill, I think it would be much better for the honourable senator sponsoring the bill to ask that second reading stand until tomorrow, when he can give us a full explanation of the principle and purpose of the bill.

Hon. Mr. McKeen: Honourable senators, I did not wish to indicate that I was in any way trying to rush this measure. I am quite in accord with the suggestion that it be allowed to stand for second reading until next sitting.

Some Hon. Senators: Agreed.

CANADA-UNITED STATES RELATIONS

NOTICE OF MOTION STANDS

On the notice of motion by Hon. Mr. Robertson:

That the Senate of Canada welcomes the recent suggestion of the Prime Minister of Canada for the establishment of joint parliamentary committees between Canada and the United States of America, believes it can be of great benefit in improving relations between the two countries, and offers our whole-hearted co-operation.

Hon. Mr. Robertson: Honourable senators in view of the remarks of the honourable Leader of the Government (Hon. Mr. Aseltine) as to the urgency of other matters before the house, I would ask the indulgence of the house to allow this motion to stand until Wednesday, July 2.

Notice stands.

PRIVATE BILL

CATHOLIC EPISCOPAL CORPORATION OF TIMISKAMING—SECOND READING

Hon. Lionel Choquette moved the second reading of Bill S-5, respecting The Catholic Episcopal Corporation of Timiskaming.

He said: Honourable senators, the purpose of this bill is to change the name of The Catholic Episcopal Corporation of Timiskaming to The Roman Catholic Episcopal Corporation of the Diocese of Timmins, to modernize its charter, which has not been revised since 1910, and to bring its objects, purposes and powers in line with its present requirements.

The revised and added clauses are similar to those now usually included in private acts incorporating religious bodies.

In 1910 the diocese was known for ecclesiastical purposes as the Vicariate Apostolic of Timiskaming: it is now known for such purposes as the Diocese of Timmins. Clause 1 of the present bill gives statutory recognition to the new designation.

The objects of the bill are to better define the aim, object, rights, powers and methods of administration of the corporation, to repeal certain sections of the act, the continuance in force of which is no longer required or expedient, and for all other matters.

When the bill has been given second reading I will move that it be referred to the Standing Committee on Miscellaneous Private Bills.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Choquette, bill referred to Standing Committee on Miscellaneous Private Bills.

DIVORCE

BILLS—SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-79, for the relief of Benita Gertrude Kozlov Cohen.

Bill SD-80, for the relief of Marie Marguerite Amelia Genier Wright.

Bill SD-81, for the relief of Winifred Jean Garrett Somers.

Bill 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.

Bill SD-83, for the relief of Mac Bernard, otherwise known as Manny Bernard.

Bill SD-84, for the relief of Marcelle Gagnon Lachance.

Bill SD-85, for the relief of Jean Claude Albert Leonard.

Bill SD-86, for the relief of Anne McCluskey Templeton.

Bill SD-87, for the relief of Lillian May Seymour Perez.

Bill SD-88, for the relief of Lucille Esther Hudson Donnelly.

Bill SD-89, for the relief of Dorte Glahn Carnie.

Bill SD-90, for the relief of Marie Therese Carmen Pauline Legault Lortie.

Bill SD-91, for the relief of Joseph Leo Nolet.

Bill SD-92, for the relief of Naomi Ruth Wolfson Fischel.

Bill SD-93, for the relief of Florence Lillian Henderson Pinkney.

Bill SD-94, for the relief of Francine Major Daigneault.

Bill SD-95, for the relief of Odette Lemay Dussault.

Bill SD-96, for the relief of Joan Collie Showler.

Bill SD-97, for the relief of Johanna Hendrika Jilderda Haring.

Bill SD-98, for the relief of Patrick Charles Stanford.

Bill SD-99, for the relief of Beryl Elizabeth Scrase Laliberte.

Bill SD-100, for the relief of Barbara May Ramsey Bryant.

Bill SD-101, for the relief of Joyce Sherman Fogel.

Bill SD-102, for the relief of Wilfred David Oliver.

Bill SD-103, for the relief of Joseph Urban.

Bill SD-104, for the relief of Olive Margaret Lester James.

Bill SD-105, for the relief of Florence Mildred Matthews Dawe.

Bill SD-106, for the relief of Marie Berthe Helene Guerard Maher.

Bill SD-107, for the relief of Marie Juliette Pauline Josette Beaudoin Said.

Bill SD-108, for the relief of Judith Margaret Bianchi Sartori.

Bill SD-109, for the relief of Clarabel Ellement Vaillancourt.

Bill SD-110, for the relief of Alice Elizabeth Edden Aumais.

Bill SD-111, for the relief of William Gordon Heughan.

Bill SD-112, for the relief of Roland Doutre.

Bill SD-113, for the relief of Gerald Edward Burnham.

Bill SD-114, for the relief of Ottilie Wilhelmine Auguste Stegelitz Carpentieri.

Bill SD-115, for the relief of Francine Josephine Ghislaine Boisdenghien Lebrun.

Bill SD-116, for the relief of Doris Cahill Chabot.

Bill SD-117, for the relief of Ruth Marsha Yanover Caunter.

Bill SD-118, for the relief of Joseph Wilfrid Rene Fortier.

Bill SD-119, for the relief of Ingeborg Alves-Probst Wright.

Bill SD-120, for the relief of Paulette Priscilla Benning Buchanan.

Bill SD-121, for the relief of Irene Georgina Descyca White.

Bill SD-122, for the relief of Eszter Jeszenszky Tahy.

Bill SD-123, for the relief of Alice Latou Tubbs Wood Green.

Motion agreed to and bills read second time, on division.

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

Hon. Mr. Roebuck: Next sitting.

NORTH AMERICAN AIR DEFENCE COMMAND

RESOLUTION FOR APPROVAL OF CANADA-UNITED STATES AGREEMENT—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mr. Haig:

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, 12th May, 1958, and that this house do approve the same.

Hon. John J. Connolly (Ottawa West): Honourable senators, this motion occasions discussion of a topic as important perhaps as any that comes before this branch of Parliament, because it is a discussion of an international agreement on national defence. It deals with defence in thermonuclear times, the defence of our own territory, the defence of our way of life, and indeed the defence of life itself.

We do not have too many opportunities in the Senate to consider defence problems and policy, and I for one—and I am sure all honourable senators join me—welcome this opportunity, because defence is an important part of our national life, and indeed of our national economy. One need only look at the Budget Papers for 1958 to see that 33.2 per cent of our budgetary expenditures for the fiscal year 1958-59, or a total of $1,783,600,000 is to be spent on defence. Perhaps it is significant to compare this figure with that of 1954-55, when defence expenditures were largest. In that year they accounted for 42.8 per cent of the budgetary expenditures, with a total of $1,908 million. It might be worth while to report the distribution of present expenditures upon the various branches of the armed services. For the Army they will be $387.6 million; for the Navy, $262.7 million; for the Air Force, $760 million; for defence research, $78.7 million; for NATO charges and the cost of mutual aid under the NATO Treaty, $118.4 million; for pensions and administration in the armed services, $70.1 million.

Perhaps, while making a short personal apology for entering upon this discussion, I may be allowed to mention that for four years during the late war I had an association with the Honourable Angus L. Macdonald when he was Minister of National Defence for Naval Services; and naturally an experience of that kind does develop in one an interest not only in the armed services but, generally, in defence policy. The late minister was, of course, associated with two very remarkable men: one, a colleague who unfortunately is not present today, namely, the honourable senator from Gulf (Hon. Mr. Power) who was air minister, and the late J. L. Ralston, who was Minister of National Defence during the war. They were outstanding members of an outstanding ministry which directed an outstanding war effort; and they enjoyed the confidence of the public, of our allies, and, certainly, of the servicemen over whose affairs they were presiding.

After the war, in 1945, Canada joined the United Nations. In 1948, prompted largely by the vision of the then Prime Minister, Mr. St. Laurent, and his Secretary of State for External Affairs, Mr. Pearson, Canada was connected with the establishment of the North Atlantic Organization, and she is one of the 14 members of the NATO group. The NATO Treaty is Canada's principal defensive alliance; indeed, it is the principal defensive alliance in existence in the Western world. I think it is desirable, because of the importance of that treaty, to discuss this agreement with respect to the North American Air Defence Command, or NORAD, against the background of NATO and of the arrangements between Canada and the United States to which the honourable Leader of the Government here (Hon. Mr. Aseltine) referred last evening.

Honourable senators will note that NATO has been described at various times as "the shield of the West". That, indeed, it is. In the earlier years of its establishment it was conceived that Europe was the great target, and that the purpose of NATO was to establish in the European theatre, on the European continent, the necessary conventional forces to offset any threat from behind the Iron Curtain. It may be worth while briefly to refer to the organization in NATO which was originally set up and which still exists. There was a Supreme Allied Commander, with headquarters in Europe; and under him, four major commands—Northern Europe, Central Europe, Southern Europe, and the Mediterranean area. There was a Supreme Allied Commander located in the Atlantic area, and two general districts—the Eastern Atlantic Command, centred in the United Kingdom, where there is a naval commander and an air commander, and a Western Atlantic command in the United States, at Norfolk, Virginia, where there is a commander of the Western Atlantic air force and a commander of the Striking Fleet. There is also another principal segment of NATO, known as the Channel command, which consists of a Commander-in-Chief at Portsmouth—a Navy man —and an Air Commander-in-Chief of the Channel at Northwood. Finally, there is a fourth division—and I mention this because it does bear upon the subject-matter of this motion—namely, the Canada-United States regional planning group, which consists of the Chiefs of Staff of these two countries.

I think it would be appropriate to mention Canada's contribution to the NATO organization in Europe. Our Army there consists of some 5,600 men of all ranks. The Air Force has four wings, each with squadrons of CF 100s and F 86 jet fighters, one squadron of CF 100 Mark 4B all-weather fighters, and

two squadrons of Sabre Mark 6 interceptor fighters. These are all in the four wings. The Navy has some 40 antisubmarine craft available for antisubmarine work. It has been found since the end of the last war that, whereas the original role of the navy was thought to be an escort role, that role is now secondary and the purpose of the Navy is to do antisubmarine work.

I would like to say something, too, about the authority of the Supreme Allied Commander in Europe, because lately there has been a good deal of talk in the press and elsewhere about this question of sovereignty, and whether we are surrendering sovereignty. The present Minister of National Defence put the matter very neatly, I think before the Commons Committee on Estimates on June 10 last, when he said:

> The forces in Europe can be ordered by General Norstad to take part in any action at any time should he consider action is required.

I think that the policy behind that authority arises from considerations somewhat along these lines. If there is a fully armed burglar outside an open window you don't spend too much time on formality in dealing with him. You try to shut the window and call the police. Authority has been given to the Supreme Allied Commander to take action in an emergency, and that step was taken when Canada joined NATO in 1948.

I was very much interested last night to hear the Leader of the Government (Hon. Mr. Aseltine) put the roots of NORAD in the Ogdensburg Agreement, which was signed by Mr. King and Mr. Roosevelt in 1940, and also in the Canada-U.S. Joint Defence Board activities, which not only lasted throughout the Second World War but were continued afterwards by further supplementary agreement. I am sure the honourable gentleman will not mind my observing that if he had made that statement earlier this month he might well have been ruled out of his own party with bell, book and candle, for as I understood it the claim earlier made by his party was not that the roots of NORAD went to the Ogdensburg Treaty but that the roots and indeed the whole tree were right in NATO.

The statement of the honourable gentlemen is a very good one to have because it demonstrates among other things the objectivity with which we in the Senate can look at these serious problems. I believe the plain fact of the matter is that the lines are not drawn in any hard and fast way, and the whole truth lies in the fact that NORAD has been possible because of two things: a shifting concept within NATO as to the requirements of NATO, and the continuing excellent relations in defence which have obtained between Canada and the United States.

I have said that NATO is a defensive alliance for the West against the East, for the free countries against the Iron Curtain countries. In the past 10 years, however, there has been a shift in the area where the emphasis for defence should be placed, occasioned mainly by the spectacular development in the field of weapons: the atom bomb, the hydrogen bomb, thermonuclear weapons, rockets, short and medium-range missiles, and finally the intercontinental ballistic missiles. All these, together with the development of aircraft, have resulted in a reassessment and a realization that Europe alone is not the outpost and the target. The arsenal of democracy in the Second World War on North America, both in Canada and the United States, is just as much a next-door neighbour to Russia as are the European countries lying immediately outside the Iron Curtain. These targets in North America are strategic targets. As the Prime Minister has said, in North America we are faced with the Arctic peril.

There has been a shifting concept of defence in a number of places. For example, the press has reported that since 1955 the Soviets have reduced their standing armies by 2½ million people. Just what this does to our assessment of the needs of standing conventional armies in Europe is something which I think we might well inquire about in the Senate, in view of the load that Canada carries to maintain forces in Europe. I am not suggesting that these forces be reduced but I think we should consider what the policy should be in respect of them.

Just the other day the *U.S. News and World Report* contained an article which stated that the Russians might be mapping the bottom of the Atlantic to create establishments for the purpose of releasing missiles and rockets against the North American continent. This may involve a change in the concept of the role which the Canadian Navy should perform in connection with this new threat to our security. Certainly, honourable senators, there is one thing that we must remember: if the conventional forces are to be changed and varied we shall probably go into something that is going to be much more expensive.

But the emphasis generally in the shift of the concept of NATO from its early days has been in the air. There has been great collaboration in air matters between Canada and the United States for training, planning and facilities. Perhaps the first of these was

the establishment on the North American continent of the three defence warning lines to which the Leader of the Government referred last night.

I would like to mention at this stage that the establishment of these lines was not done within the NATO organization. It was done as a result of collaboration between the Governments of Canada and the United States, and it was outside of NATO. The Pinetree line was built and manned partly by United States and partly by Canada, running from British Columbia through the Prairies, through the settled parts of central Canada, up through Nova Scotia to Labrador. The mid-Canada line is an all-Canadian line built roughly along the 55th parallel. It is operated and maintained by Canada. It is practically automatic. The DEW line was built and manned by the United States air force and it runs roughly from Midway, through Honolulu, Alaska, the Arctic region, across Baffinland to Greenland, and it maintains patrol ships in the Atlantic and Pacific.

These lines were built to assist our air forces. According to a statement made by the minister in the Estimates Committee of the other place, nine RCAF squadrons of CF-100's are available for the defence of this country and use these lines for warning purposes. It is said there are similar aircraft in the United States air force available for this work, plus aircraft of the Strategic Air Command of the United States air force, called SAC. These lines will of course continue to be used for the detection of aircraft. Just to what extent they are obsolete for the detection of missiles or are available for the detection of missiles is another matter. I think it is something which could be inquired into when we get to the committee stage.

What is the threat against which this defensive establishment is being built? The minister says that Russia has some 1,500 to 1,700 bombers capable of attacking targets anywhere on the American continent and returning to Russian soil. In addition, there are other Russian bombers, of course, not capable of such long flights, and further there is the intercontinental ballistic missile.

What then is the plan of defence against this threat? The minister again has done a service to Parliament by describing the military concept of NATO as a deterrent force, consisting of two elements. First, the Shield force, stationed at various parts of the world, to protect NATO countries and give warning of an impending attack. The other element is the forces of retaliation, which are called the Sword forces. The minister has said that these Sword forces consist of three elements. First, the SAC of the U.S. air force; secondly, the medium bombers of the Royal Air Force in the United Kingdom; and, thirdly, missiles of medium range, which are now, apparently, being made available to some of the countries in Europe, at least to the United Kingdom. From this it would appear, honourable senators, that Canada has no Sword forces. Canada is equipped only with what is described under the NATO concept as Shield forces, and it would appear that the four wings which Canada has contributed to the NATO establishment in Europe are not members of any Sword force; they are not retaliatory forces, they are Shield forces. I have no information—and perhaps we should make inquiry, if we are not going to violate security by doing so—as to what kind of armaments are carried by the elements of these Shield forces, particularly by our own aircraft. The minister, on June 16, said that there are no arrangements whereby Canadian forces may use atomic weapons made in the United States. Indeed, I understand from the press today that in the United States Senate a bill was passed yesterday, or very recently, which would prohibit any American-made missile of this kind from being used by an aircraft of another country. So we do not know—at least, I do not know—just what armament a Canadian Shield force operating either in North America or Europe carries.

On June 10 last, as appears at page 996 of the Commons *Hansard*, the Prime Minister set out what is known as the rules of engagement, which had been approved by the defence committee of the cabinet on December 12, 1951 and published in R.C.A.F. orders on June 15, 1957. These rules of engagement specify the limits within which these shield forces would operate. I would commend to honourable senators the reading of those rules, brief though they are, because I think they are an attempt to eliminate any irresponsible human action or error in connection with the work of these air forces. They can be summarized in this way: The air defence commander—and presumably these rules would apply to the NORAD command—may authorize the interception of approaching aircraft for identification purposes. He may authorize these approaching aircraft to be engaged by fighters or by anti-aircraft artillery if they are believed to be hostile. He may authorize these aircraft to be forced to land for identification, or, if they refuse to land, to be engaged. And of course he may order them to be engaged if a hostile act occurs. A hostile act is defined as an attack, the opening of bomb-bay doors near a vital area, the dropping of parachutists or the laying of mines. These rules, honourable senators, were drawn in collaboration with the

Chiefs of Staff of both Canada and the United States. I do not know, but I wonder whether they are the same rules which would apply to the Shield forces in which we Canadians through the R.C.A.F. participate in Europe, and I think we should have some information on that if it could be made available.

The defence establishment heretofore used for the defence of North America, has been based upon the close co-operation of Canada and the United States, but there has been no integrated authoritative command. The NORAD agreement was originally tentatively entered into on August 1 of last year, and the agreement dated May 12, 1958 would make it final when approved. Again I say this is a bilateral agreement between the United States and Canada. There is a place in the NATO organization for such a command. What I ask is whether or not the making of this bilateral agreement with the United States in any way weakens the position of NATO or our position in NATO. Or perhaps I could put it the other way: Might it be a strengthening of the NATO organization, which everybody seems to think is essential and extremely important, not only for us but for the whole Western world? Might it be a strengthening of the NATO organization if the NORAD command became part of NATO? The purpose of this command is to exercise operational control over the combat units of these two countries. It is said that the plans and the procedures to be followed by NORAD in wartime shall be formulated and approved in peacetime by appropriate national authority. This is item 6 of the agreement. NORAD apparently does not do any planning. Last evening, the Leader of the Government (Hon. Mr. Aseltine) said that there were variations in the planning done in the two countries at times. What I ask is, whether or not the establishment of NORAD, which is a command and not a planning group, will eliminate these variations in the plans established by the two groups.

Now, in connection with the NORAD agreement and the new command at Colorado Springs, we have at present no information as to what combat units are to be assigned by Canada. It is said that as yet none have been assigned. How many will be assigned has yet to be determined, and perhaps cannot be disclosed. But are they the nine squadrons of the CF-100 defence command which have been available heretofore for the defence of this continent? Are they still to be controlled from St. Hubert where they were formerly controlled? Are there going to be any new aircraft, any improved aircraft? What is the armament to be on the aircraft that will be used by the Canadian forces in this command? Are there other R.C.A.F. aircraft in Canada which are not be assigned to NORAD? In other words, is our whole domestic air establishment to be assigned to this new command?

What is the United States contribution? If we can ask that kind of question I think it might help us a great deal in understanding the defence requirement and our own participation in it, and, too, what armament is to be made available to the aircraft of both countries.

I come back for just a moment to the Sword forces in North America, namely, the SAC bombers of the United States air forces. The minister has said that none of them are stationed in Canada, none of them have been sent to NATO, that they would be sent on their mission of retaliation on instructions of the President of the United States only.

I wonder if the same applies to the other elements of the Sword forces in the United Kingdom, namely, the medium bombers of the RAF, and I ask: Is this arrangement in connection with these forces of retaliation the most effective arrangement for the defence of North America?

It is said that these forces are part of a defensive force, that they are to be used for retaliation, but if retaliation is not an offensive act it approaches that position very closely. In other words, is the use of these Sword forces equivalent to an act of war? Perhaps it may be for the country against whom retaliation is carried out to say whether it is an act of war or not, but if it is an act of war and if it is launched from North America what does it do to our position in NATO? What does it do to our position in the commonwealth?

I understand that there is a distinction, of course, between a purely defensive act and a retaliatory act, an act of war or a hostile act and finally a declaration of war. But how far will the use of these Sword forces involve Canada in war, and how quickly?

And what happens to the rights of Parliament? We talk a good deal about safeguarding the right of Parliament to declare whether war shall occur or not. Just what happens to that Parliamentary position, I think, is not made clear.

I think this inquiry is an appropriate inquiry to be made by the Senate. It can be made in the detached and non-political atmosphere that prevails in this house, because it is a serious attempt to estimate the adequacy and the extent of our defence arrangements and commitments. Defence, after all, must be conducted on the advice of the chiefs of the armed services, but its control

and the control of foreign policy ultimately lie with Parliament.

I do say that whether the defence of North America is done by bilateral agreement, as is now being done, or whether it is done through the establishment of NATO, it is essential that it be done.

In conclusion, I should like to refer to the satisfaction Canadians must feel that an agreement of this importance could be reached by Canada with the United States. Certainly it is in the interests of the Americans that Canada should co-operate, but it is also a source of satisfaction that the co-operation of their Government should be given so completely. This co-operation has resulted from many years of fruitful mutual understanding and endeavour. In a task so perilous it is of paramount importance that this relationship be preserved and strengthened.

On motion of Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 26, 1958

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

Prayers.

Routine proceedings.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
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 royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General,
(Administative).

The Honourable
The Speaker of the Senate,
Ottawa.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY (SUBSIDIARIES) BILL, 1958
—FIRST READING

Hon. Paul H. Bouffard presented Bill S-7, respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

Bill read first time.

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

Hon. Mr. Bouffard: With leave, next sitting.

NORTH AMERICAN AIR DEFENCE COMMAND

On the order for Reports of Committees:

Hon. W. M. Aseltine: Honourable senators, I would like to suggest, with leave of the Senate, that when the honourable the senior senator from Ottawa (Hon. Mr. Lambert) presents the report of the Standing Committee on External Relations with respect to NORAD, and he and others have spoken on this subject, His Honour the Speaker will, on motion made by myself, call Order No. 3, for resumption of debate on the motion for approval of the Canada-United States agreement.

Hon. Senators: Agreed.

REPORT OF COMMITTEE

Hon. Norman P. Lambert, Chairman of the Standing Committee on External Relations, presented the following report of the committee:

The Standing Committee on External Relations, pursuant to the Order of Reference of June 24, 1958, has considered the 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, 12th May, 1958.

The Honourable George R. Pearkes, Minister of National Defence, and Mr. Jules Léger, Under-Secretary of State for External Affairs, appeared before the committee and explained the terms of the said Agreement and the manner in which it will operate in the defence of North America.

Your committee wishes to express its appreciation for the lucid explanations given to the committee by the minister.

Your committee recommends the said Agreement to the favourable consideration of the Senate.

Your committee further recommends that authority be given for the printing of 800 copies in English and 200 copies in French of the proceedings of the committee with respect to the Agreement.

The Clerk Assistant (reading):

The Standing Committee on External Relations—

Hon. Senators: Dispense.

Hon. Mr. Lambert: In presenting to the Senate this report endorsing unanimously the resolution of the honourable Leader of the Government (Hon. Mr. Aseltine), which resolution is still before the house, I should like to add a few words by way of emphasizing the gratifying measure of co-operation between Canada and the United States as reflected in the NORAD Agreement. This document is the result of prolonged discussion and examination by the national defence departments of both countries, supported by the necessary formal diplomatic procedure on the part of the respective state departments in each country. As was pointed out by General Pearkes in his evidence before our committee yesterday, this NORAD pact represents the logical organic growth of the seed that was sown on August 18, 1940, at Ogdensburg, by President Roosevelt and Prime Minister King, in the form of a Permanent Joint Defence Board "to consider the defence of the north half of the Western Hemisphere". That step, as honourable senators will remember, between President Roosevelt and Prime Minister King was followed soon afterward by a similar agreement at Hyde Park, by which a free exchange and transfer of materials between their two countries was afforded to aid in the effective prosecution of the war.

Referring to these and other measures of co-operation between the United States and Canada and other parts of the British Commonwealth, Mr. Churchill, in the British

House of Commons on August 20, 1940, delivered this memorable and historic statement:

> These two great organizations of the English-speaking democracies . . . will have to be mixed up together in some of their affairs for mutual and general advantage. For my own part, looking out upon the future, I do not view the process with any misgivings. I could not stop it if I wished; no one can stop it. Like the Mississippi, it just keeps rolling along. Let it roll. Let it roll in full flood inexorable, irresistible, benignant, to broader lands and better days.

I submit that with such a blessing echoed from those years of trial, we here can safely and soundly do our part in facilitating this latest manifestation of international co-operation and good will on this continent. And in doing so I further submit that this Parliament is reflecting the sympathetic approval of millions of Canadian and American citizens living on either side of our international boundary line.

Report adopted.

The Hon. the Speaker: Honourable senators, with leave of the Senate I now call Order No. 3.

Hon. Mr. Aseltine: I make a motion to that effect.

Hon. Mr. Macdonald: No, it is not necessary.

APPROVAL OF CANADA-UNITED STATES AGREEMENT

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mr. Haig:

> 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, 12th May, 1958, and that this house do approve the same.

Hon. W. Ross Macdonald: Honourable senators, it is not my intention to take up a great deal of the time of this house in discussing this resolution. There was quite a protracted debate on the subject in the other house. Yesterday the Honourable Mr. Pearkes, Minister of National Defence, appeared before the Standing Committee on External Relations and, as the honourable the senior senator from Ottawa (Hon. Mr. Lambert) has said, gave a very able explanation of the agreement and answered freely all questions which were put to him. I have no doubt that this house will certainly give favourable consideration to this agreement, as is suggested by the committee.

It is, however, unfortunate that the manner in which this agreement was presented to the house carried along with it a certain air of mystery. For example, we did not know whether the agreement would be presented to Parliament for approval. I presume it was for that reason that the senior senator from Ottawa made a motion in this house to refer the agreement to our Standing Committee on External Relations. In any event, it was after that motion was made that the Government decided to ask Parliament to approve the agreement. I am very pleased indeed that the Government did take that action. In fact, it is only proper—and it has been established by usage in this house and by resolution in the other house—that agreements of this nature should be approved by Parliament.

I realize that the negotiation and conclusion of an agreement of this type must take place without the knowledge of the citizens generally. However, once it has been consummated it should be presented to Parliament. That was the procedure which was adopted in the House of Commons in 1926. Indeed, it was the procedure which was followed in 1919 when Sir Robert Borden insisted that the tripartite agreement between the United States, Canada and Great Britain, in so far as Canadian participation or involvement was concerned, should be decided by the Parliament of Canada. Then in 1921 Mr. Arthur Meighen made the following statement in connection with a prospective Imperial Conference in the matter of imperial defence. His remarks are to be found on page 2641 of the Commons *Hansard* of April 27, 1921:

> I can give the assurance, with all the emphasis that I can command, that no step whatever will be taken binding this country—indeed no step can be taken whatever might be the will of the representative of Canada, which would have force or effect before ratification by the Parliament of this dominion.

So, honourable senators, you will see that I am calling very good witnesses on behalf of my contention that all agreements of this nature should be presented to Parliament.

And now I call another witness. A moment ago I stated that since 1926 the practice of presenting similar treaties and resolutions to Parliament was decided in the House of Commons. On June 21, 1926 Mr. MacKenzie King moved the following resolution:

> This House approves of the procedure proposed for the negotiation, signature and ratification of treaties and conventions, and considers further that before His Majesty's Canadian ministers advise ratification of a treaty or convention affecting Canada, or signify acceptance of any treaty, convention or agreement involving military or economic sanctions, the approval of the Parliament of Canada should be secured.

And in speaking in that debate on the same day Mr. King said, as reported at page 4768 of the Commons *Hansard*:

> What I wished to make clear, however, was that all treaties or conventions involving military or economic sanctions must come before Parliament, and where military or economic sanctions were involved I wished to make the terms broad enough to include agreements so that in referring to treaties or agreements of any kind we would not have a difference over the mere use of words.

On April 12, 1928 Mr. Bennett, then Leader of the Opposition, took part in a discussion of of the International Sanitary Convention, and he used these very interesting words, which will be found at page 1968 of the Commons *Hansard*:

> The ratification of a convention is, of course, as the Minister of Justice has said, a prerogative of the Crown. The Crown acts on the advice of its ministers, and in this instance the ministers from Canada will advise the Crown that the convention is a sound one in which Canada concurs, if the Canadian Parliament, comprising both the Commons and the Senate, approves of it. I wholly agree that it is desirable—indeed I have always so held—that both the Commons and the Senate of Parliament should be asked to approve of conventions or treaties that carry international implications or responsibilities. That, I think, is clear.

Honourable senators, I do not understand why there was so much delay in bringing this agreement before Parliament or why there was any question about it. I have quoted the views of former Prime Ministers since Sir Robert Borden; and, as honourable senators know, during the time the Right Honourable Louis St. Laurent was Prime Minister all resolutions and agreements of this nature were brought before Parliament for approval. But on this occasion there was some hesitancy about bringing the agreement forward; there seemed to be a reluctance on the part of the present Government in this respect. I am rather glad there was that hesitancy, because I think it has pointed up for the benefit of future governments the necessity of submitting agreements of this nature to Parliament. Surely, in view of what has been said by our former Prime Ministers, there will never again be any delay in bringing an agreement of this nature before both houses for their consideration and approval.

I would refer honourable senators also to the discussion as to whether NORAD is part of NATO, and the rather contradictory, or at least conflicting, statements in that regard, which created an air of mystery about NORAD. You will recall that Mr. Spaak, Secretary General of NATO, was asked if he considered NORAD to be part of NATO. In reply he is reported to have said it was not. His words were:

> It is not under the command of NATO. NORAD has never been referred to or discussed in NATO.

The Prime Minister, referring to this, said he did not feel that a correct interpretation had been given to Mr. Spaak's statement. In the report of his remarks which I read the Prime Minister used these words:

> Mr. Spaak must have had in mind the fact that NORAD is not strictly speaking a NATO command. There is no NATO command in North America. Military planning in the area is, however, reported to NATO through the Canada-United States Regional Planning Group which is made up of the Chiefs of Staff of both countries. This group reports to the standing group and through the agency to the military committee in the NATO council. Accordingly, the NATO Council is kept informed of air defence arrangements in the Canada-United States region.

I say that this discussion as to whether NORAD was or was not in NATO also created a feeling among us all that there must be something mysterious about this agreement.

Honourable senators will also recall that about this time there came to Canada the Commander-in-Chief of NORAD, Lieutenant-General Earle Partridge of the United States Air Force, and the Deputy Commander, Air Marshal Roy Slemon of the R.C.A.F. On practically all previous occasions when high-ranking officers have been in Canada an informal session of both Houses of Parliament has been held in the Commons Railway Committee room, and the visiting officer has been invited to come there and talk frankly and freely to us, not in the presence of the press, about what is taking place under his command. We were addressed at such a meeting by General Montgomery, by General Norstad and by General Gruenther, but, for some reason or other, General Partridge was not asked to speak to us. There again, we thought there must be something very mysterious about this agreement.

Of course, honourable senators, there is nothing mysterious about the agreement. If, prior to yesterday, we thought there was something mysterious about it, we were told quite frankly by Mr. Pearkes that it was a simple agreement, clearly drawn up between two countries; that it was a straightforward agreement for the setting up of a system of integrated operational control for the Air Defence in the continental United States, Canada and Alaska, under an integrated command responsible to the Chiefs of Staff of both countries.

The agreement, as I have said, is a very simple one. It is in the nature of a five-page letter written by the Canadian Ambassador to the United States, at Washington, to the Honourable John Foster Dulles, Secretary of State of the United States, setting forth what had been agreed upon over a period of some time. The negotiations were concluded and

the agreement was put in words by the Canadian Ambassador, and it was accepted by the secretary, in a letter consisting of 12 lines. So it was a forthright, simple, single, integrated system. I agree entirely with the remarks made by the honourable Leader of the Government here (Hon. Mr. Aseltine) yesterday, which I would like to quote at this time. They are found at page 195 of *Hansard*:

—that Canada alone does not have the necessary air power, manpower, and other resources to defend its extensive territories in the event of any such attack as I have mentioned. The United States has these resources in abundance, and therefore it seems to me that an agreement such as NORAD is necessary with respect to our joint defences. We need the help of the United States, and they also need our assistance.

The only other comment I would like to make is that I am not so sure that NORAD is able to provide an effective defence against an attacking force. I often wonder whether we are not making too much of this organization. The honourable Leader of the Government, in speaking on this motion, stated:

Our survival may depend upon it.

Well, honourable senators, I feel that, if we are to depend on NORAD for our survival, our survival is not too certain. The fact is that NORAD will not defend us. The joint air forces of both countries could not possibly prevent all enemy bombers from getting through, and it would take comparatively few to destroy both our countries. The forces of NORAD could demolish some of the enemy bombers, but the others would get through. To rely on NORAD is, in my opinion, to create a false sense of security. General Curtis LeMay, Vice-Chief of Staff of the United States air force, is reported in the Toronto *Daily Star* of June 12 to have said that not more than 25 to 30 per cent of any attacking force could be intercepted. Here is a quotation from the editorial:

Gen. Curtis LeMay, Vice-Chief of Staff of the U. S. air force, has estimated that 25 to 30 per cent is the maximum attrition that either U.S. or Soviet air defences might inflict on an attacking bomber force. The Soviets can send thousands of bombers against us. And only 50 to 150 of them would need to reach their targets with thermonuclear bombs in order to wreak immediate catastrophic damage on North America, according to George W. Rathjens, Jr., defence analyst of the U. S. defence department, writing in the current Bulletin of the Atomic Scientists.

If only one plane got through and dropped one bomb, it would destroy us. So I do not think we should rely too strongly on NORAD, or we may not be here to know the consequences. In 1939 France relied on the Maginot line. We all know what happened. Shortly after the Second World War we felt that we had an adequate defence in the Pine Tree system, which was built and operated jointly by Canada and the United States. This was followed, in 1953, by the Mid-Canada line, and later, by the Distant Early Warning line. We now find that this radar warning installation is necessary and helpful, and gives us necessary information; but, honourable senators, it does not provide the defence for which it was intended. In my opinion there is only one adequate form of defence, and that is offence. The only deterrent to aggression is the fact that the attacking force knows that the military strength of the democracies, or, shall I say, of the Western alliance, is at least equal if not superior to that of the aggressor, and that the retaliation for any attack would be as great as if not greater than that carried out by the aggressor.

I am sure that honourable senators who were present at the committee meeting yesterday were shocked, although they had heard it before, to learn that Canada has no means of carrying out retaliation. I am not saying that we are not in a position to have retaliatory forces. But the fact is we have not got them. And if the only adequate form of defence is offence, with the knowledge on the part of the other side that we can retaliate, Canada must rely for that very important form of defence on some other nation. There is no doubt as to our position in that matter. In this connection I will quote from the report of yesterday's proceedings:

Senator Macdonald: I do not want to press this too far; I do not know whether you want to answer this question or not: Who would order retaliation?

Hon. Mr. Pearkes: My understanding is that the only person who can order retaliation at the present time is the President of the United States.

Senator Macdonald: But as far as Canada is concerned?

Hon. Mr. Pearkes: We have no means of carrying out retaliation. We have no bombers and we have no means at the present time of carrying out any retaliation or counter offensive. All our air force can do here is defensive.

Having said all this, honourable senators, it may appear that, when I say I feel that approval of this agreement is quite necessary, I am taking a rather contradictory position. Although it is not an adequate defence and I do not think we can rely upon it, I do feel very keenly that it must be put into effect. I could go on at length and refer to destruction which can come to Canada, to America, from sources other than the air, but I will not take the time of this house to do so. We must put up every defence possible and at the same time we must cooperate and work together with the United States. In this instance, so far as our defences are concerned, there must be intermeddling by Canada in the affairs of the United States and by that country in the

affairs of Canada. This is a very worthwhile agreement, and as far as it goes it will at least bring our two peoples together and make them realize that the defence of one country is vital to the defence of the other, that we are standing together in the defence of the North American continent and, in fact, of the peace of the world. Honourable senators, I trust that this agreement will meet with the unanimous approval of this house.

Hon. Arthur W. Roebuck: Honourable senators, in contributing a few words to this debate I would like to compliment my honourable leader (Hon. Mr. Macdonald) on the speech that he has just made. However, there is one particular comment I wish to make. He stated that the only alternative to defence is retaliation or aggression, attack by ourselves. I would like to add one more thought, that the really successful way of defeating an enemy is by making him a friend. I think everybody will agree with me in that, and also that it is very bad policy on the part of the Western world to view our potential enemy—and we all know whom we are thinking about—as being entirely evil. It might be that there is as much virtue among some of the people behind the Iron Curtain as there is among some of the people on this side of it, and that the distribution of good will is not all on our side. In view of the dangers which we may meet, reliance to some extent on the good will of our potential enemy is not to be counted out, and every effort should be made and all patience exhibited to take advantage of the peace party across the line. In our search for peace we should be as careful as we can not to appear aggressive, and we should do what we can to lessen tension between Western countries and those behind the Iron Curtain, always bearing in mind that war is a game in which all parties rise losers. Both sides in an atomic attack would rise losers, and the real accomplishment would be for us to make a friend out of a potential enemy and thus thoroughly defeat him. It would be a victory for us and a victory for the others at the same time.

There was one question I asked in committee which I do not believe was answered. My honourable leader said that all questions had been freely and frankly answered in committee. I agree with him that General Pearkes made a fine statement and that he was very frank in what he said. He told us what he knew. But I do not think he had the answer to my question. I asked if there was any general arrangement, understanding or agreement between Canada and the United States as to how much each should contribute to the cost of carrying out this agreement. General Pearkes had stated that we are partners in the defence of North America, and that is true. Geography settles that. We are the joint tenants of one continent and the facts of geography make it absolutely necessary that we work together as partners. Since we are partners in this military enterprise I believe it is most important that there be a clear understanding as to the cost of carrying out this agreement. As I stated in committee, it is the duty of Parliament to take care of the interests of the taxpayer, but unfortunately some of my colleagues and I are under some handicaps in that regard, for we lack knowledge as to what actually is going on in our own Defence Department. It is most important that the taxpayer of Canada has no opportunity to feel he is being overtaxed or that the burden which this small country is bearing is out of proportion to that borne by our bigger neighbour to the south. It is equally important that the people and the Government of the United States have no grounds for supposing that they are carrying the greater proportionate burden and that Canada is not playing her part or carrying her own share. So when I asked the question as to whether there was any arrangement, understanding or principle upon which we were proceeding, I was disappointed when General Pearkes did not answer me. He did not state whether there was any principle. It seems to me we are acting in a haphazard way, making little agreements on various points rather than taking a big view of the whole situation. There should be some formula. It could be based on population. Another formula could be based on our national production, and it seems to me that this is the better basis upon which to decide what each country should contribute. But if we do decide on a formula, it should be clearly stated and understood what our share of the burden is and what the United States' share is, and that we are carrying our share of the burden, pulling our own weight, and that the United States has no grounds for thinking that it is the superior partner in the agreement because it is the larger. I think that feature as between us should be given very serious consideration.

Hon. Mr. Aseltine: Honourable senators,—

The Hon. the Speaker: Honourable senators, if the honourable Leader of the Government (Hon. Mr. Aseltine) speaks now, he will of course close the debate.

Hon. John T. Haig: Honourable members, I did not intend to join in this debate at all, because I felt that our leader (Hon. Mr. Aseltine) put the case very fairly. However,

some words which have been spoken this afternoon have given me a little trouble, and as one representing the western part of Canada I wish to say a word or two as to our position. I am not going to discuss the speech made by the Leader of the Opposition (Hon. Mr. Macdonald) as to whether Mr. Diefenbaker's Government did rightly or wrongly in the manner of presenting this agreement to Parliament, but if it acted wrongly and if that is the only mistake it has made, I am satisfied.

I want to discuss a problem which troubles me greatly, a problem that was raised by my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck). If we are in the difficult position of facing the probability of war with Russia, I do not think now is the time to talk about our getting ready to fight that country. I do not think our small population of 17 million people, spread over the largest tract of land occupied by so small a number of people anywhere in the world, has any right to suggest that they are going to get ready to fight a great nation like Russia. We have to recognize the fact, whether we like it or not, that the next world war will be fought between the United States and her allies on one side, and Russia and her allies on the other. Anybody who knows anything about the Russians, and anyone who has had the pleasure and honour of being at the United Nations, as I had for two or three months, knows the reactions of the Russian people, and realizes that they cannot be trusted at all. Within twelve hours of reaching a decision they will deny having done so. That happened in the legal committee on the definition of what a day is.

Honourable senators, we are very fortunate that the people of the United States are our kinsmen in blood, ambition and heritage, in love of life and freedom, and in the desire to be fair to other peoples of the world.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Haig: We are akin to them. They do not like the little fellow to get tramped on. There may be exceptions, but the great majority of them are just like ourselves. We in Manitoba, you in Ontario, or Quebec, or in the Maritime provinces, British Columbia, or any other part of Canada, know that we can deal with an American as we would with a man from another province in our own country. We must bear in mind that that great nation is going to be put to the very test of steel to defend freedom in the world, and we must not allow any question to arise as to whether we are paying our share, or whether the United States is paying its share, for defence. A population of 17 million cannot be expected to meet commitments to the same extent as a population of 160 million; that is impossible.

Now, I know that the United States makes mistakes; I know that we in Manitoba make mistakes. I know it, but I do not admit it. The same applies to any other part of Canada. But the point is this, that fundamentally, when the chips are down, as we sometimes say, you can depend on Manitoba sticking by Canada. In the same way, when the chips are down you can depend on the United States to stand on the side of freedom. Make no mistake about it. That is true, whether we pay a dollar, a cent, or nothing at all. We can depend on those men and women over there to help us to save our freedom if necessary, and the only way to defend our freedom is to stand with them, and they with us, to the best of our ability. We must say to them, "We will stand with you and carry the load to the limit we are capable of, and you can trust our people the same as if they were your own people." Only in that way will the free world be able to live through the catastrophe that we may have to face. The Leader of the Opposition by his very statements indicated to me that he had in his mind that such a catastrophe might happen. My honourable friend from Toronto-Trinity thinks the same way, and wants to bring it down to dollars and cents.

Hon. Mr. Macdonald: On a question of privilege: I had no such thought.

Hon. Mr. Haig: I said the senator from Toronto-Trinity had, not you.

Hon. Mr. Macdonald: Thank you.

Hon. Mr. Haig: These things disturb me. Maybe I am wrong. But I want to say that when the world faces the catastrophe it may have to face, we can only face it by being honest with ourselves, and doing for the other fellow what we would want him to do for us. The United States people make mistakes. The United States Government is not the best in the world, or at least we do not think it is—although it may be better than we imagine—but fundamentally I believe the American people will stand beside the cause of freedom just as strongly as we ever will.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Haig: I do not think they will ever flinch from doing their part to save the country when great hordes of planes come down into the central part of Canada and sweep toward Winnipeg—and Winnipeg will disappear—and Chicago and other great cities of the central part of the United States. The coastal cities will be bombed from the new kind of submarines, and New York will be

bombed, and Montreal, St. John's, Halifax, and all the rest of our cities; but by and large, if we stand one hundred per cent by the people of the United States and tell them that we are depending on them, and assure them that they can depend on us, then, and only then, shall we be able to stand by the right as free men, and thus deserve freedom after the war is over.

Until I came to Parliament this session I did not realize there was so much feeling of unrest here regarding Russia as apparently there is. That feeling does not seem to have spread through the provinces yet. Unfortunately, it does not appear that we are in any better position to deal with Russia than we were a year ago. If anything, we have lost ground, not to Russia, but in our relations with her. There is a feeling abroad that something is slipping in Russia, that perhaps her people are not getting sufficient food and clothes and are being oppressed. We all remember the recent attack on Hungary, which, together with other incidents, has led us to fear what Russia might attempt to do. I recall that when the former Supreme Allied Commander of the Forces in Europe was here, two or three years ago, we asked him how long it would take for bombs to be got ready and distributed if they were needed. He replied, "I would have to get authority, but I think it would take half an hour." We knew what he meant. We knew that just as soon as the Russians moved, he would move too. We did not discuss it afterwards and criticize him for that statement, but we accepted it as a fact that if the necessity arose Canadians were prepared to stand with him.

I am not too sure whether it is because of the machines that are flying through the air at terrific speed, or what it is, but the confidence of the people of this country has slipped a little when we compare our standing with that of Russia today. This agreement is evidence to me at least, and I hope to all of the Canadian people, that both Canada and the United States are trying to work out a system of defence that will be of the greatest advantage to both countries in the protection of this part of the world for freedom, when and if the great struggle occurs.

Honourable senators, I want to thank the Leader of the Opposition (Hon. Mr. Macdonald) for the manner in which he has handled his part in this debate. I congratulate you, sir. I think it has been very fine of you to permit this resolution to be adopted today. It will show the American people that we as Canadians are united, that we want to do what is advantageous as quickly as possible, that we all want to stand behind the word of our Government in this matter. Now, we may differ as to whether this Government is a good one or a bad one, but to me it is a good one. In any event, the fact is that we as Canadians are united to do the best we can in the defence of our neighbouring country and of our own country. On my own behalf—because I have no right to speak for the Government—I repeat my thanks for the way in which the Leader of the Opposition has conducted his part in this debate. It has been very encouraging to me. I do not think that I would have done it as well when I was Leader of the Opposition; I do not think I would have been as confident. To me it is a very fine gesture. It will have the effect of showing the people that the Senate of Canada is comprised of men who can differ and yet agree to do the best thing possible, even though somebody else may have made some mistake along the line.

I am glad to have had this opportunity to express my views and I hope I have not said anything that will offend anybody. I am a keen Canadian. My colleague the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson), in speaking to me about the new Conservative Government in our province of Manitoba, said, "Jack, are you the last member of the last Conservative Government that sat in Manitoba?" I said, "Yes, I am the last living member of either side of the house of 1914, and I was there when the last Conservative Government went out of power." I hope that I will not live to see the Parliament of Canada go out of power by reason of a war with Russia. I can say without fear of contradiction that the boys and girls of today and the men and women of our country will stand four-square united for the freedom of our people and the freedom of the other people of the world, to help secure for them a fair deal. We will stand with the United States no matter what mistakes it may make, because we know the mistakes it makes are ones that we would make in the same position. I hope that when the President of the United States comes here, within the next couple of weeks, we shall give him a royal welcome and show him we are proud to be neighbours of his country.

Hon. Mr. Roebuck: Honourable senators, on a question of privilege: I did not say, either directly or indirectly, that Canada should make contributions equal to those of the United States on a dollar for dollar basis without regard to our 17 million and their 150 million of population. What I said was that we should contribute in proportion to population or gross national production. I was trying to make clear that just understandings make long friends.

Hon. R. B. Horner: Honourable senators, I will just take up your time for a moment or two. I was very pleased that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) proposed some other method than bombs as a possible way of solving the differences in the world today, and I thought I would like to say a word as one who has lived for the past 50 years with people who came from what is now Russia and from countries now dominated by Russia. Those people love freedom just as we do. The Scriptures tell us to gird ourselves for battle. That means a moral girding for battle. We have as well to seek the friendship of that great number of people who we all hope will some day, when they become educated, elect a government. The honourable Leader of the Opposition (Hon. Mr. Macdonald) in his very able address mentioned the importance of Parliament endorsing agreements such as this. Of course that is important in Canada, where each member of Parliament is responsible to his constituency but of what effect would it be in Russia, where there is but one candidate on the ballot, and no Opposition? We all hope that some day the Russians will have a different form of government from what they have today.

There is one thing that I want to say particularly. In my opinion the greatest thing that we in the Western world can do is to demonstrate our superior way of life. As I have said before, some day in many countries which are now dominated by a single dictator there may be great changes. In the meantime we should demonstrate on every possible occasion that our Western way of life is superior to theirs.

Hon. J. W. de B. Farris: Honourable senators, I did not intend to speak in this debate and what I have to say will take but a minute or two.

I feel somewhat akin to my honourable friend from Winnipeg (Hon. Mr. Haig) who has just described himself as being the last survivor of the last Conservative Government in Manitoba. I am the last survivor in British Columbia of the first Liberal Government in that province.

There is just one word that I have to say as far as the financial features of this agreement are concerned. I have not a great deal of sympathy with the views of my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck). Finances are important, but there are times when things that are done are prompted only by an emergency and by the good will of those who are associated together. It is my feeling that the basis of this agreement is our common loyalty and common necessity—that is the measure of what each country is to do.

The only prospect I see for ultimate peace is the ultimate preparation for that time, and the biggest danger we may face is that the time will come when the sense of urgency and need of exerting every effort may fail us. I have been reading a speech of mine made in 1948—I was reading it for my own edification, not with the intention of making it to you again. At that time the Americans had the bomb and the Russians did not have it. Proposals were made to Russia for some method of restricting the development of the bomb; the Americans suggested that if there could be some point of agreement all bombs they had would be turned over to an international control body. The proposal broke up on the question of inspection, when Stalin said he would agree but that each country must do its own inspecting on the honour system.

On that occasion I told a story which perhaps bears repeating. I said it reminded me of the Jew who got into a poker game with a group he did not know, but who knew each other very well. He was asked the next day how he made out in the game, and he replied: "It was a funny game; it was on the honour system. Each man declared his hand, then threw it in with the cards face down." "How did you make out?" his friend asked. He said, "Well, I lost the first pot before I knew the rules."

My speech, if anyone happens to be interested in looking at it, is found in the Senate *Hansard* of 1948, beginning at page 151. Not only did I make the speech in the Senate, but I made it at an American Bar convention in the United States, at a Board of Trade meeting in Vancouver, and at the Canadian Club in Montreal. Finally, I quit making it because I was accused of being a warmonger. But I was simply saying that if we could not trust the Russians to do anything when they did not have the bomb, what chance would we have when they had the bomb?

Now, there was not a public man in Canada, the United States or Great Britain who did not know as much as, and probably a great deal more than, I did about that problem, but they just would not face it. So we got no discussion on making demands on Russia, at a time when the United States had a power it could have enforced. I was told, "But the Russians would invade Europe." My reply was: "How long would such an invasion last when the Americans had the bombs?" And too, we then had the recent experience of what happened in Hiroshima and Nagasaki and how long those cities lasted against the use of the bomb.

If the nations of the world on our side had at that time demanded of Russia that it must agree to the proposal of international control, that would have met the problem. But

the issue was not faced. Indeed, in the First World War the issue of prevention was not faced. Had it been, there would have been no war. The same is true of the Second World War.

I say, one thing the people of the free world have to do today is to face up to and appreciate to the full the treachery and danger of our enemies, to keep prepared and never let down, regardless of the sacrifices we have to make.

Hon. Calvert C. Pratt: Honourable senators, I intend to take only a few minutes. The comments which I had in mind making as this debate proceeded have to some degree just been made by the honourable senator from Blaine Lake (Hon. Mr. Horner). First, may I say that I am one hundred per cent in agreement with the suggestion that we follow through with the policy adopted jointly with our great neighbour, the United States. Its motives are the same as ours; it wants peace just as we want peace. But I think it would be a great mistake if the predominant feature of this debate would appear to be that our thoughts were just geared to how well we can meet potential enemies and that this matter is just one of defence and offence. The anxieties of us all, I know, reach out to the great dangers of conflict.

I know we have to be practical about these things, that we have to maintain a state of preparedness and so on. But let us remind ourselves that behind the leaders in Russia there is a great population that fears war and desires peace. Indeed, the average man in any country in the world today does not want war. Everywhere informed people tremble at the thought of it. While we are aware of this attitude on the part of people, we do not always seem to take full regard of it.

Leaderships of countries change, forms of government vary, and we must hope and pray that by one process or another any threatening climax which could mean annihilation on both sides will be averted. The only effective way of averting it is by getting an understanding on each side at the level of the common people. This, of course, is difficult of achievement. One method of attaining it, or I should say of approaching it, is by avoiding premature actions resulting from impatience and frustration; also, by influencing the thinking of the free peoples of the world toward a reconciliation with the peoples of other countries.

I believe that at times we have unduly emphasized the difficulty of such a reconciliation. It seems to me that we sometimes think too much of prearranged programs in such matters as Summit Conferences and so forth. Isn't it better to keep on meeting and talking than not to meet at all? We would at least be playing for time, which is all important, and gradually working toward a reconciliation of interests, or at least an improvement in relations.

I have been following with great interest the proceedings of the Pugwash Conferences conducted under the sponsorship of Mr. Cyrus Eaton. Last year, and again this year, he brought together great nuclear scientists from many countries, who showed the world, as no other group could do, the dangers we are facing. Personally, I do not think the publicity from those meetings was as widespread as it should have been. I would now pay tribute to the leadership and initiative which was given by Mr. Eaton, and I hope, as I am sure all honourable senators do, that he will be able in the future to sponsor more such conferences. They would serve to bring together scientists from every country who would not only sound warnings necessary in the circumstances, but would give leadership for constructive action to improve the understanding and relations between the common peoples throughout the world.

Hon. W. M. Aseltine: Honourable senators, after having listened to the splendid speeches in the debate this afternoon I have come to the conclusion there is nothing left for me to say. I appreciate very much that so many honourable senators have come to my assistance in the discussion of this important subject. I believe it has now been covered from every angle, and for that reason I do not intend to say more.

This agreement may not offer a complete solution to our problems, but I believe it is a step in the right direction. I am not too much worried about the cost to Canada; as the Minister of National Defence told our committee yesterday, the cost is one of the questions that have to be worked out. I am sure that his department and the Department of External Affairs will see that we get as fair a deal as it is possible to make under the circumstances. As he clearly stated, until the agreement has been ratified and approved by both houses of Parliament those concerned will not be able to work out as they hope to do the intricacies of defence. They will continue to develop their plans so that if, as we hope will not be the case, anything untoward should happen, we shall not be caught unprepared, and will know how to conduct our defence.

With these remarks, honourable senators, I present the agreement for your aproval; and I am sure, from the speeches we have heard, that it will receive the unanimous endorsement of the house.

Motion agreed to.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, seconded by the Honourable Senator Haig, that when the house adjourns today it stand adjourned until Tuesday, July 1, 1958, at 8 o'clock in the evening.

Hon. Mr. Quinn: I think the Senate should show an example to the rest of Canada by refusing to do anything on the 1st of July other than attend to the celebration of Confederation.

Motion agreed to.

HON. R. B. HORNER

BIRTHDAY GREETINGS

On the Orders of the Day:

Hon. W. M. Aseltine: Honourable senators, I should like to bring to your attention the fact that one of our number, a colleague of mine and one of my oldest friends, is celebrating today his birthday. He was summoned to the Senate on the 30th day of December, 1933, the same day that I received my summons, so that on December 30 of this year he will have been a member of this chamber for a quarter of a century. I refer to the Honourable Senator Horner of Blaine Lake. I am sure that all honourable senators will join me in wishing him a very happy birthday and many more years of happiness and usefulness as a member of the Senate of Canada. I am sorry that he left the chamber before I had an opportunity to make these remarks.

Hon. Senators: Hear, hear.

DIVORCE

BILLS—THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-79, for the relief of Benita Gertrude Kozlov Cohen.

Bill SD-80, for the relief of Marie Marguerite Amelia Genier Wright.

Bill SD-81, for the relief of Winifred Jean Garrett Somers.

Bill 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.

Bill SD-83, for the relief of Mac Bernard, otherwise known as Manny Bernard.

Bill SD-84, for the relief of Marcelle Gagnon Lachance.

Bill SD-85, for the relief of Jean Claude Albert Leonard.

Bill SD-86, for the relief of Anne McCluskey Templeton.

Bill SD-87, for the relief of Lillian May Seymour Perez.

Bill SD-88, for the relief of Lucille Esther Hudson Donnelly.

Bill SD-89, for the relief of Dorte Glahn Carnie.

Bill SD-90, for the relief of Marie Therese Carmen Pauline Legault Lortie.

Bill SD-91, for the relief of Joseph Leo Nolet.

Bill SD-92, for the relief of Naomi Ruth Folson Fischel.

Bill SD-93, for the relief of Florence Lillian Henderson Pinkney.

Bill SD-94, for the relief of Francine Major Daigneault.

Bill SD-95, for the relief of Odette Lemay Dussault.

Bill SD-96, for the relief of Joan Collie Showler.

Bill SD-97, for the relief of Johanna Hendrika Jilderda Haring.

Bill SD-98, for the relief of Patrick Charles Stanford.

Bill SD-99, for the relief of Beryl Elizabeth Scrase Laliberte.

Bill SD-100, for the relief of Barbara May Ramsey Bryan.

Bill SD-101, for the relief of Joyce Sherman Fogel.

Bill SD-102, for the relief of Wilfred David Oliver.

Bill SD-103, for the relief of Joseph Urban.

Bill SD-104, for the relief of Olive Margaret Lester James.

Bill SD-105, for the relief of Florence Mildred Matthews Dawe.

Bill SD-106, for the relief of Marie Berthe Helene Guerard Maher.

Bill SD-107, for the relief of Marie Juliette Pauline Josette Beaudoin Said.

Bill SD-108, for he relief of Judith Margaret Bianchi Sartori.

Bill SD-109, for the relief of Clarabel Ellement Vaillancourt.

Bill SD-110, for the relief of Alice Elizabeth Edden Aumais.

Bill SD-111, for the relief of William Gordon Heughan.

Bill SD-112, for the relief of Roland Doutre.

Bill SD-113, for the relief of Gerald Edward Burnham.

Bill SD-114, for the relief of Ottilie Wilhelmine Auguste Stegelitz Carpentieri.

Bill SD-115, for the relief of Francine Josephine Ghislane Boisdenghien Lebrun.

Bill SD-116, for the relief of Doris Cahill Chabot.

Bill SD-117, for the relief of Ruth Marsha Yanover Caunter.

Bill SD-118, for the relief of Joseph Wilfrid Rene Fortier.

Bill SD-119, for the relief of Ingeborg Alves-Probst Wright.

Bill SD-120, for the relief of Paulette Priscilla Benning Buchanan.

Bill SD-121, for the relief of Irene Georgina Descyca White.

Bill SD-122, for the relief of Eszter Jeszenszky Tahy.

Bill SD-123, for the relief of Alice Latou Tubbs Wood Green.

Motion agreed to, and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, June 12, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Monette, seconded by Hon. Mr. Thorvaldson, for an Address in reply thereto.

Hon. F. Elsie Inman: Honourable senators, we have recently heard a great many expressions of congratulations in this chamber and I would like to add mine to them. I wish to extend my congratulations to the Honourable the Speaker on his reappointment to the Chair. He has brought dignity and graciousness to the position, and we are delighted to have him back to preside over our deliberations. I would also extend congratulations to the honourable the Leader of the Government (Hon. Mr. Aseltine). His appointment as Government Leader in the Senate is a well-deserved honour, and I wish him a pleasant and successful tenure of that important office. We are pleased to have back with us the former Leader of the Government (Hon. Mr. Haig), and we hope that he will be with us for many long and happy years. May I also congratulate the honourable Leader of the Opposition (Hon. Mr. Macdonald) on his reappointment to that office. He has always been an able, courteous and understanding leader.

To the mover and seconder of the Address in reply to the Speech from the Throne I would also offer felicitations. Although I was unavoidably absent from this chamber when they spoke, I read their speeches in *Hansard*, and I would commend them on upholding the high quality of Senate debates. To those who have recently joined this chamber it gives me pleasure to extend a warm welcome and best wishes for a long and happy sojourn in the Senate of Canada.

Now for a few minutes I wish to speak about some of the matters which concern us down in the Maritimes, and especially in Prince Edward Island. I would not like honourable senators to forget that very important province.

A couple of weeks ago, on a Sunday evening, on television, there was a program entitled "The Farmer". No doubt many of you viewed this program, which took the form of a trial. The farmer in the play was the defendant, and he was endeavouring to explain why it was necessary that so much of the taxpayers' money should be allocated to farmers in the form of bonuses, deficiency payments and other forms of assistance. The farmer worked up a very good case for himself. On the other hand, the prosecution had convincing arguments. The farmer made one statement which astonished me: it was to the effect that the farmers of this country do not have, nor can they have, much influence on the Government, as their vote is so small. It is true they may not have the majority vote but if I am not mistaken they elected about 60 per cent of the members of Parliament. That fact should certainly give them quite an influence with the Government, and they should receive consideration from Governments if and when required.

It is certainly true that many of our farmers do need assistance in these days of high operational costs. There is no doubt about that, but it is also true that according to the percentage of members they elect they do wield considerable influence in Parliament. This power that they have could be put to good use if it were directed to finding means of getting our vacant farms rehabilitated and put back into production. This applies to the Maritime provinces—New Brunswick, Nova Scotia and Prince Edward Island—but especially to Prince Edward Island, because we are an agricultural country.

At present there are agricultural surpluses in Canada, particularly in wheat. At the same time food prices have reached practically an all-time high, and still the Government is paying farmers deficiency payments, as they call them, because the prices which the farmer receives, without these deficiency payments or financial assistance, are too low to meet production costs. This to me is an amazing economic situation. It is realized that the Government has at the present time a commission investigating price spreads in the food industry, and perhaps we shall have an explanation in the near future. I am sure the citizens of Canada are anxiously awaiting this explanation. In the meantime many once productive acres are rapidly becoming waste lands. Farms are

being vacated and the land is being overgrown with weeds and scrub bush. I am sure that this is not what our pioneer ancestors envisaged when they worked so hard clearing the land.

We know that too many of the markets for our produce have been lost on account of tariffs and transportation costs. This is most regrettable. I was pleased to learn, however, that the Prime Minister intends to open up again and restore our traditional agricultural markets. This will be a very welcome measure. It will mean that our surpluses will be taken up and our farmers will be encouraged to remain on their farms. We need people, especially our young people, back on the land. It is a good life. There is something that gives one a sense of well-being and freedom in the country air, in the smell of the earth, the grass and the trees, and in the sound of a running brook or the lapping of waves over sand.

Living close to the soil, planting, seeing things grow, reaping the resulting harvest—all the business of producing from the earth instills in one a feeling of satisfaction, awe, love and respect for the laws of nature. It is hard work at times and the hours may be long. It is not generally a business at which fortunes can be quickly made. But money is not all there is to life and it is a mistake to think it is. I think it was Omar Khayyam who said:

> The worldly hope men set their hearts upon...
> Lights but a little hour and then is gone.

But there are other compensations in farm life, and our Governments would do well to promote interest in the business of producing from the soil in order to make this industry attractive to young people for their own sake and for the future of Canada. Aristotle said:

> Every man was born to be a citizen.

To be a good citizen we must do all we possibly can for the welfare of our country and our fellow citizens. To accomplish this we must have faith, for faith is the one big thing that will bring Canada to full development as a great nation with a great future. And to quote Samuel Johnson:

> Life is not long, and too much of it must not pass in idle deliberation of how it shall be spent.

We Canadians are very conscious of our natural resources, and this is as it should be. Our whole national economy is founded on them. Our farm lands, minerals, forests, fisheries and waterpower are all tied together in one way or another, and for the full development of these great gifts of nature we must have intelligence, knowledge and enterprise. To have these we must have education, and certainly in this day and age education is needed perhaps more than ever before if we are to cope with the changes and events that happen so quickly due to new inventions, nuclear energy, and discoveries in medical science and in all other scientific fields. The old order has passed away and education that was considered adequate even 20 years ago is now outdated and inadequate to meet the requirements of our present civilization. Our young people must be equipped with a fund of knowledge in order that they may meet life with the training and outlook necessary to ensure success in whatever vocation they seek to enter. It is therefore the duty of Governments to take whatever steps are necessary to make available to our young citizens, at the lowest possible cost to parents and students, educational facilities at all levels. We hope our present Government will do everything possible to this end.

Health is of course one of the most important pillars upon which we build our civilizations, for without due consideration to the health and welfare of a nation, it can soon deteriorate and perish.

I would like to go back to 1919 and reminisce for a moment or two. It was then that the late Right Honourable Mr. King, when he was chosen to be the Leader of the Liberal party, outlined the health and welfare measures that we enjoy today. He even had the plan for unemployment insurance and for old age pensions on a contributory basis. Through the years this program has been implemented step by step as the need arose. Now in a short time we shall have a hospital insurance measure in operation.

Of course, we realize that from time to time many of these social security and health benefits were revised, and they will have to be further revised as Canada grows and expands nationally. But it is necessary to plan carefully now, so that we shall be able to recognize when the time has arrived to make such changes.

Honourable senators, as I have said on other occasions, Prince Edward Island produces the best potatoes and the finest oysters. Now I wish to say that our lobsters are considered to have a better flavour and texture than any others on this side of the Atlantic, and I would go so far as to say on any side of the Atlantic. I once asked a marine biologist why this should be and he said it was due to the type of food, water temperature and clean seabed around our shores. I would like to suggest, honourable senators, this is evidence that the sea around Prince Edward Island is superior to the sea around any other area.

Hon. Mr. Aseltine: How is the fishing?

Hon. Mrs. Inman: Very good, I can assure you.

Lobsters will not travel unless the sea bottom is clean and free from slime. Lobster fishing is one of the biggest industries in our province. Our larger lobsters are shipped alive and there is always a ready market and a good price for them; but again transportation is a factor, for lobsters must reach the market before they begin to deteriorate. The opening of the lobster season on the Island is quite an event and is celebrated by the firing of cannons, the blessing of boats, and other ceremonies of interest to those concerned. There is always a race among the fishermen to see who can get their boats to the fishing grounds first and run their lines. Those reaching there first get the choicest areas. Lobsters frequent the same area year after year, so the fishermen come to know the best places to fish.

Now, I would like to say a few words with regard to lobster hatcheries. The honourable senator from Clare (Hon. Mr. Comeau) spoke about this project recently in this chamber. Between 1891 and 1917 fourteen lobster hatcheries were operated in the Maritimes by the Department of Fisheries. Three of these were operated in Prince Edward Island These hatcheries were very interesting to visit, and I remember that whenever we had guests we used to take them there to see the process. In artificial hatching, the female lobster with eggs must be taken ashore. The eggs are then scraped from the swimmerets and conveyed to the hatchery and hatched out in jars. I remember that when they went beyond what we used to call the tadpole stage, they were returned to the water and were on their own from then on. But it was found that raising lobsters from eggs and putting them out to sea in this early stage created a high mortality due to predators, the difficulty in finding food quickly, and other reasons.

After a number of years in operation it was apparently concluded that this "artificial hatching" was of little or no value in increasing the population of marketable lobsters, so the hatcheries were closed. In the 1930's an "artificial rearing" station was established in Maine. Statistical studies by Maine biologists seem to indicate that this procedure could not be of importance to the lobster fishing industry unless practised on a very large scale, and it was uneconomic. However, it does not appear that a really comprehensive investigation of "artificial rearing" was ever carried out in Canada. In view of the success of the Oyster Experimental Station at Ellerslie, P.E.I., in assisting our oyster fishing industry, I suggest that a similar station should be established in our province to study the possibility of making lobster rearing profitable. The conditions of water temperature, salinity and sea bed are not the same in the Gulf of St. Lawrence as off the Maine coast. Furthermore, I am sure that marine biologists must have made great progress in their methods of studying these things in the last forty years.

In any case, honourable senators, this important Maritime province source of income should be fostered, and deserves the immediate attention of the department of fisheries.

Apart from the lobster canneries, we have several fish-processing plants, but we need more of these. To this the Government might well give some thought. The Atlantic provinces are famous for the variety and quality of their seafoods, and fish processing is certainly an industry that could be developed to a greater extent in Prince Edward Island. The Canadian housewife spends about one quarter of the family budget on food, and there is definitely not the percentage of this amount being spent on fish that should be spent. Education of our Canadian people, and especially the housewife, in the art of properly cooking and serving fish would undoubtedly create a greater market for this economical, nutritious and delicious vitamin-packed food.

Our fishermen catch many varieties of fish, and there is no reason why our seafoods could not be processed and placed on the markets in greater quantities. This industry should have more Government consideration and support. It would bolster our economy and provide employment for many of our people, as well as improving the nutrition of the people of Canada.

I feel that I cannot take my seat without saying a word about tourism. The business of tourism is one of the major industries in the Maritime provinces, and in The Garden of the Gulf it ranks second as an income-producing business. In a very few years it might well be our most important industry. Indeed, this could be the case in the whole Atlantic area. Travel, in the name of pleasure, for the purpose of seeing new places, or revisiting favourite haunts, brings many thousands of visitors yearly to our province. It is not only the resort operators who profit from the business of tourism. Investigation shows that only about 17 per cent of the tourist dollar is spent for lodging; the remainder is spent among all the other types of businesses and associated services.

Perhaps the Canadian public in the past has not been aware of, or did not really appreciate, the value of the tourist industry, for there has been a lack of interest among our citizens with regard to its promotion. The closer we look at the past, in the field of economic values, the closer we must look at the present and ask ourselves what the future holds for Canada's hospitality industry, especially as it applies to the Maritime provinces. We require, and ask for, federal aid to

promotional work. In view of the value of this industry to Canada we wish for and hope to have a federal department of tourism established with a departmental branch set up in the provinces where tourism is big business to look after and deal with tourism and its associated industries. Tourists are in search of something different from what they can find at home, in scenery, in food and in recreation.

We have in the Maritimes the opportunity to merchandise incomparable resources of scenery, historic attractions and recreational facilities. We have everything necessary for a healthy and happy holiday; we have magnificent beaches, warm salt water, wonderful scenery, appetizing seafoods, and a way of life distinctive to this part of Canada. We have in Prince Edward Island the best trout fishing to be found anywhere. Here is a fisherman's paradise. Three- to four-pound trout are not unusual, and this year some are tipping the scales at five and six pounds. Who knows but some may tip the scales at ten pounds next year!

We do have salmon in Prince Edward Island, but I do not intend to go into competition with the honourable member from New Westminster (Hon. Mr. Reid), who champions the merits of British Columbia salmon. The limit in Prince Edward Island is twenty-one salmon per person a week, in season. And now that aristocrat among fish, the sturgeon, has discovered Prince Edward Island, and several have already been caught in our rivers.

Small-game hunting has prolonged the tourist season in our province almost two months. The Fish and Game Association has done a great deal of work in the restocking and preservation of the several species of small game found in the province. Here again, federal assistance is required particularly in the matter of wild bird sanctuaries.

We also have many historic sites which should be restored, for our history is the oldest in Canada, and students of Canadian history can find many interesting places to visit. Here again we need government support. We have a lot to offer the visitor in glamour and romance in this part of Canada. Geologists have found fossils at Miminegash; these indicate that Prince Edward Island is at least 325 million years old. "The Island" has been around a long time!

If honourable senators will permit me, I would like to recite a verse of a poem, written over 100 years ago, which shows how people born in Prince Edward Island never get away from the land of their birth:

Prince Edward Isle! fit subject for the lays
Of sweeter minstrel; how shall I aspire
As best I may to celebrate thy praise?
Land of my birth: I feel the patriot's glow.
To thee I feel my warmest wish must flow,
For nearest to my thought, while thought remains,
Must be thy flowing streams, thy woods and fertile plains.

Since I believe in giving credit where credit is due, I was very much pleased a few days ago to read in one of our Island papers that the federal Government is having the car-deck of one of our car ferries planked over to provide accommodation for thirty automobiles. This will help to relieve, to some extent, the bottleneck in traffic between Tormentine in New Brunswick and Borden in Prince Edward Island. It should be of great help in the peak of travel, for transportation is the biggest problem we have to contend with in our province, not only from the tourist point of view but from a business standpoint.

We are looking for the causeway, of course, some day. I understand there was a deficit of $2 million in the operation of our car ferries last year. If that amount went for thirty consecutive years toward the cost of building the causeway, the project would pay for itself by that time, although, of course, a causeway extending for nine miles would require heavy maintenance costs. However, in the meantime we are in dire need of better transportation facilities. I have heard that some automobile ferries will be released when the Seaway is in operation and that some of these could be purchased at a reasonable figure. One or two automobile ferries could supplement the present ships, particularly during the summer months, and thus greatly expedite transportation to and from Prince Edward Island. This matter could well be explored by our federal Government and, I hope, will be brought to its attention.

With regard to travel by rail—the accommodation in this respect from Sackville in New Brunswick to Charlottetown and Summerside in our province is an utter disgrace to any transportation system. The equipment on the trains should at least comprise a chair car and comfortable first-class cars for the use of passengers. Last winter I travelled from Emerald Junction to Summerside in a passenger car that must have been the first one ever manufactured: there was a tin basin in one corner and an old rusty stove in another corner, and the seats near the stove were unbearably hot while the rest of the car was like a refrigerator. In addition to that the seats were not cushioned and were perfectly straight in the back. We hope to see some improvement here in the very near future.

In Canada we are faced by the challenge from competitive tourist business in other countries, and we must find the answer to this challenge by making our citizens and our Governments realize the economic value

of the tourist industry to our country. Unrest in other parts of the world, particularly in Europe, provides the opportunity to make Canadian tourism into a big business. If we do not take advantage of the opportunities presented to us we will find ourselves trailing sadly behind those countries which have accepted that challenge, and this neglect will cost us millions annually in lost tourist revenue.

We must have co-operation at the federal and provincial levels and find new ways to build up and strengthen this business if it is to go forward. We have the natural facilities, lots of room, diversity in recreation and scenery.

We need unity; that is the biggest issue at the moment in this country. In looking to the future we must approach it as a united nation, working as one great unit for the good of Canada in our time and for the years that lie ahead.

Someone once facetiously said that the worst thing that can happen to a woman who talks is to become short of breath. Honourable senators, I have reached that stage. I thank you for your attention.

On motion of Hon. Mr. Pratt, debate adjourned.

PRIVATE BILL

TRANS MOUNTAIN OIL PIPE LINE COMPANY—SECOND READING

Hon. Stanley S. McKeen moved the second reading of Bill S-6, respecting Trans Mountain Oil Pipe Line Company.

Hon. Mr. Aseltine: Explain please.

Hon. Mr. McKeen: Honourable senators, perhaps if I had not risen so quickly the bill would have been passed without an explanation. However, since I have been asked to explain I had better do so.

This is a measure that has already been explained in the Senate. It is one that I have every confidence in bringing before this house because of all the pipe line bills that have ever been brought forward on the North American continent this is one that I think can stand all the light that can be focused on it and come out with flying colours. This bill is different from some other pipe line bills in the fact that it is not a promotion in the regular sense of the word. The promoters of this pipe line originally were a group of oil companies who were endeavouring to find cheaper transportation from the well-head to the refineries or to seaboard, and they engaged an engineering firm, the Bechtel Corporation, to carry out an economic and physical survey of the area to see where the line should be built.

Honourable senators will remember that at that time there was a great deal of discussion on where the pipe line should be built. Many of the lines in that area were being laid partly in Canada and partly in the United States, and then coming back into Canadian territory. The demand at the west coast particularly was that this pipe line should be built wholly in Canada, and after supplying the needs of Canada the company was to be free to serve customers across the international border.

May I say that this pipe line complied with that demand: it was laid in British Columbia territory, down to the border, and from there it was extended to serve Washington, Oregon and California, though as it has turned out the oil taken by California is being transported there from Vancouver by tanker.

As I say, this pipe line was built for the benefit of the oil producers who stood to get a better price for their oil or sell more oil because of cheaper transportation. Also, it would provide a cheaper supply of oil for processors, refineries and exporters, as well as giving a return to investors. This has worked out very well. Just a short while ago the Merrill Foundation in the United States made a survey of all pipe lines on this continent, and it selected Trans Mountain Pipe Line as the ideal model for the building and financing of pipe lines.

In some pipe lines the major oil companies hold control and the throughput is restricted to their oil. In this particular case the major oil companies took shares in the company. It allocated 250,000 shares to the independent oil companies and sold shares to the general public as well. So the general public, the smaller oil companies and the major oil companies all participated in this stock.

I have some figures here which might be of interest in regard to the shareholdings of this company. They show that there are 5,396 independent Canadian shareholders—that is the general public—as against 618 shareholders among the major Canadian companies. The shareholders in the United States number only 1,077, representing a total of only 289,000 shares owned outside Canada. So out of a total of 1,500,000 shares, it is apparent that in this particular case there are large holdings in Canada enjoying the profits of this Canadian resource.

In promotions of this kind it is usual for promoters to get a certain amount of stock at a preferred price, because they are gambling on the success of the undertaking. In this case, however, the promoters paid $10 a share for their stock, exactly the same price at which it was sold to the general public. Out of 1,500,000 shares there were

only 450,000 shares that did not bring $10 each into the treasury. These were shares that were underwritten by a group of brokerage houses, which made only 50 cents a share, an unusually low charge for that type of promotion. The general public paid $10 and the original promoters paid $10 for their shares, and there were no shares sold at a lower price.

Up to the present time another 4,900 shares have been sold under an incentive plan to employees of the company, not for $10 a share but $38.75 a share, because under the terms of the plan, any shares sold to officials, officers or employees of the company are bought by them at the market price on the day they exercised their option, and when the options were exercised the price happened to be $38.75.

Honourable senators, the hour is getting late and I will not go further into the details of the formation of the company; but I would like to say something about this particular bill, which has for its object a subdividing of the common stock of the company. The purpose of the bill is to give the company authority to subdivide its shares five shares for one. There was a lot of feeling that this would give something free to the shareholders. Nothing could be farther from the truth. There are at present issued 1,500,000 shares, which represent all the common stock equity in the company. If this bill is passed the company will have authority to convert those 1,500,000 shares into 7,500,000 shares, which will mean exactly the same thing.

May I illustrate what will happen if this bill passes? If you took a $50 bill to the bank and said you wanted to change it for five $10 bills you would in effect be doing the same thing as the company proposes to do with its shares, namely, to give five shares for one with the same total value. If this were a regular stock deal which did not have to come to Parliament for legislative permission, the company would merely apply to the Registrar of Joint Stock companies for a subdivision of its shares. If I might put it another way: if I give you a $50 note in payment of a debt, and then came along later and say that I would like to substitute five $10 notes for the one $50 note, you would find it a little easier to deal with the five notes; they would be more useful to you than the one note.

The reason this company wants to subdivide its shares is that it may have to issue some more equity stock when it is increasing the capacity of the pipe line. The intention is to parallel the present 24-inch pipe line with a 30-inch pipe line. That may mean the issuing of more equity stock, and it will be easier for the company to issue stock at $10 a share than at, say, $50 a share; it means that the smaller investors will be able to participate. The idea behind the proposal is to have the investment in this pipe line divided as far and as widely in this country as possible, and that is the only purpose of this bill. There will be no other benefit to the company than a greater marketability of its shares. Five new shares instead of one old share does not represent any greater value; this is not a stock bonus or the giving away of free stock. Indeed, this is the most worthwhile promotion that has ever been made, as far as I know, in the pipe line field. Not one share is being sold to any of the promoters at a price lower than that sold to the general public.

With those remarks, honourable senators, may I say if this bill receives second reading I will move that it be referred to the Standing Committee on Transport and Communications.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. McKeen, bill referred to Standing Committee on Transport and Communications.

The Senate adjourned during pleasure.

At 5.45 p.m., the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable John R. Cartwright, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:
Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable John R. Cartwright, M.C., a Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk.

The Honourable the Deputy of His Excellency the Governor General was pleased to give 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 Antoine 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 Burak.

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.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, July 1, at 8 p.m.

THE SENATE

Tuesday, July 1, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

CANADIAN WOMEN'S PRESS CLUB—FIRST READING

Hon. Norman P. Lambert presented Bill S-8, to incorporate Canadian Women's Press Club.

Bill read first time.

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

Hon. Mr. Lambert: Thursday.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I beg to table certain documents and reports.

Hon. Mr. Hugessen: Honourable senators, on a point of procedure: I wonder if the honourable Leader of the Government (Hon. Mr. Aseltine) would read to the house the titles of the documents and reports? I think it would be a better practice if he were to name the precise documents or reports when he is tabling them, otherwise honourable members have to wait until the following day to find out what they are.

Hon. Mr. Aseltine: Sometimes there is a long list of documents to be tabled. On this occasion there are seven, and they are as follows:

Statement for the fiscal year 1957-58 required by section 20 of the Veterans Insurance Act. (English and French texts).

Statement for the fiscal year 1957-58 required by section 17 of The Returned Soldiers' Insurance Act. (English and French texts).

Statement for the fiscal year 1957-58 required by section 42 of the Veterans' Land Act. (English and French texts).

Annual Report for the fiscal year 1957-58 required by section 13 of the Army Benevolent Fund Act. (English and French texts).

Royal Commission on Canada's Economic Prospects—Study on Mining and Mineral Processing in Canada. (English and French texts).

Capital Budget of the Northern Canada Power Commission for the fiscal year ending March 31, 1959, as required by subsection (2) of section 80 of the Financial Administration Act, Chapter 12 of the Statutes of Canada, 1951, together with Order in Council P.C. 1958-874, dated June 24, 1958, approving the said budget. (English text).

Study entitled: "Airline Competition in Canada" dated May 1958, prepared by Stephen F. Wheatcroft, at the request of the Minister of Transport. (English text).

Hon. Mr. Hugessen: Thank you very much.

Hon. Mr. Macdonald: Honourable senators, some time last week I asked the Leader of the Government (Hon. Mr. Aseltine) if he would be good enough to table a document entitled "Budget Papers", which is a report to Parliament. I do not think it is included in that list.

Hon. Mr. Aseltine: It is not included in this list, but I feel sure I tabled it last Thursday; however, I will check to make certain.

Hon. Mr. Macdonald: That may be so. I left a little early last Thursday, and probably the list was not read.

Hon. Mr. Reid: I do not think so.

Hon. Mr. Macdonald: I did not have a chance to read the record.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 127 to 158, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

UNIVERSITY STUDENT RESIDENCES

INQUIRY AND ANSWER

Hon. Donald Cameron inquired of the Government, pursuant to notice:

Whether changes will be made in the National Housing Act this year so that the resources of the Central Mortgage and Housing Corporation can be used for the financing of residences for students attending Canadian universities.

Hon. Mr. Aseltine: Honourable senators, I have the following answer to the honourable gentleman's question:

There have been requests to the Government, particularly in the last year, from universities, drawing attention to the fact that in the United States their legislation covers university dormitories and suggesting that our National Housing Act should be amended to do the same. That, of course, is a matter of Government policy. The Government is currently reviewing the National Housing Act to consider how it may be made more suitable for the requirements of the people of Canada.

NEWFOUNDLAND

REPORT OF ROYAL COMMISSION ON FINANCIAL POSITION OF PROVINCE—INQUIRY AND ANSWER

Hon. Calvert C. Pratt inquired of the Government, pursuant to notice:

Whether the report of the Royal Commission appointed to review the financial position of the

Province of Newfoundland and to make recommendations in conformity with clause 29 of the Terms of Union of Newfoundland with Canada has been received by the Government and, if so, when will it be tabled in the house?

Hon. Mr. Aseltine: Honourable senators, the answer to the honourable gentleman's inquiry is as follows:

The report of the Royal Commission has not yet been received. It will be tabled in the Senate when it is received by the Government.

REMOVAL OF FLAG FROM SENATOR'S OFFICE WINDOW

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Vincent Dupuis: Honourable senators, before the Orders of the Day are proceeded with I wish to raise a question of privilege. I would like to know from the Law Clerk of the Senate or from the distinguished Clerk of the Senate upon what grounds a member of the Senate is not allowed to display a flag from the window of his own office in the Parliament Building. If there is a law that regulates such action, what is it?

Just before the Senate was called this evening I went to dinner, but before doing so I took it upon myself to hang from my window the model of a flag that was sent to me by Mr. Nelson, an officer of the Canadian Army during the last war. When he arrived on the continent of Europe in World War II he wrote me that the Canadian Army,—which, by the way, had the reputation of being composed of brave soldiers—was not identifiable by the French civil population, and he asked if I could not have a flag designed according to a description he gave me. This description specified a maple leaf in the upper left-hand corner and as many horizontal stripes as there are provinces in Canada, the stripes being red, blue and white.

I did exactly what he asked me to do. Furthermore, I obtained a copyright of the design. The flag was displayed before the Commons Committee on the Canadian Flag, and it was left there as part of the committee's records. Seeing that there were so many flags displayed this afternoon on the occasion we are celebrating today—Canada Day, Confederation Day or, as some of our good friends of British origin call it, Dominion Day—I thought I would display that flag from my office window in the Parliament Buildings.

As a lawyer, and having some knowledge of Parliamentary laws, I always felt, honourable senators, that a member of Parliament, either of the Lower House or the Upper House, when in his office in the Parliament Buildings was in the county or district which he has the honour to represent here, so I thought that when I was in my own office I was as if I were in the senatorial district of Rigaud.

I displayed that flag for the purpose of letting the crowds assembled on Parliament Hill see it. However, it appears that when I was at dinner someone removed the flag from my window. I do not know who it was, but the flag disappeared and I do not know where it is now.

I would like to know from the Law Clerk of the Senate if there is any law which forbids a member of Parliament from displaying a flag, not necessarily of his own choice but one that might or might not ever be chosen as the Canadian flag?

The Hon. the Speaker: On the question of privilege raised by the honourable senator from Rigaud (Hon. Mr. Dupuis), I rule that a question cannot be put directly to the Law Clerk and have him answer in the Senate. Such a question should be put to the honourable Leader of the Government, who I am sure would take the honourable senator's remarks as a notice of inquiry, and perhaps give a satisfactory answer.

I am, like my honourable friend, a lawyer, but I am not an expert on constitutional matters. My friend is perhaps more learned in the law than I am, but I never heard of any extraterritorial rights such as he suggests.

I suggest, therefore, that the question be put to the Leader of the Government in the Senate, who may accept it as a notice of inquiry.

Hon. Mr. Dupuis: Your Honour, I am pleased to have your advice in the matter, but I do not regard myself as one learned in the constitutional law of this country. I do not regard myself as an expert.

I accept Your Honour's advice and I ask the question of the Leader of the Government by way of an inquiry. I know very well that in the sanctuary of Parliament a member of either house cannot be charged with a crime and cannot be arrested, but I do not know if one can assimilate this with the question of extraterritorial rights.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, June 26, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Monette, seconded by Hon. Mr. Thorvaldson, for an Address in reply thereto.

Hon. Calvert C. Pratt: Honourable senators, I wish to be included among those who, in speaking to this motion, have expressed their appreciation of the splendid leadership given

in this debate by the mover and the seconder, and also to record my hearty congratulations, as others have done, to the Honourable the Speaker for the fine service he is rendering to Parliament. I would like also to extend a hearty welcome to our new members and hope they may all be able to render, for many years, valuable service in this Senate of Canada.

In thinking over what one might usefully say in the debate on the Speech from the Throne I always find the subjects of bewildering variety, any one of which is sufficient for one address. Matters of great importance to the development of Canada are mentioned in the Speech now under review. Some of them have been the subject of legislation and have had close analysis in committee and in this chamber. The provision for more housing throughout Canada, the amendment of the Unemployment Insurance Act, hospital insurance and some other features of the Speech have already been dealt with. The indication of a program for the expansion of trade to be promoted by the forthcoming Commonwealth Trade Conference is, of course, of outstanding importance. I hope there will be opportunities in this house for members to deal with the matter and bring it under a very full survey. Linked with the policy of commonwealth trade should be the closest possible consideration of our international trade position generally, because, valuable as is the trade of the commonwealth, it will always play a lesser part in the sum-total of world trade by which Canadian people have to live. When I say that, I don't minimize in the slightest degree the value of commonwealth trade nor the importance of the effort to promote it in proper relation to our foreign trade generally.

The Speech from the Throne has reference to broader efforts being under consideration for the sale of agricultural and fishery products in the markets of the world. It refers also to support prices that have been established for a considerable number of agricultural products. I hope that the wide view expressed of the need for agricultural development will extend in a full measure to the fisheries also.

I want to use this opportunity to bring out a matter which is of very great importance, in fact of vital importance to the province of Newfoundland. It is that a major branch of the fishing industry which produces the salted cod is running up to a crisis. Sometimes people are apt to look at the importance of an industry from the point of view of the relative numbers of dollars recorded by the Bureau of Statistics. I prefer to place the first importance in respect to the number of people who are affected by an industry and whose living is derived directly from it. The official records show that in 1957 Newfoundland had 16,400 men employed at the fisheries. Of this number, 4,400 were supplying the fresh fish plants and 12,000 were what is termed salt cod fishermen. Actually the salt fish branch provides the foundation for the whole fishing industry of our province. It is that phase of the industry which is very precarious, and it is rapidly declining. I can truthfully say that in the Newfoundland economy there is nothing else to take its place. Apart from its established value, it acts as a buffer in the ups and downs of employment in other industries. That alone has immense importance in a land of scattered population and limited variety of employment. In a moment I shall refer in greater detail to the problems of this particular industry, but first I would like to make some reference to the fishing operations generally.

Around the coastline of Newfoundland and out to the south and east of our province is one of the most prolific fishing areas of the world. I say that while keeping in mind our good friends in this chamber from British Columbia. Codfish, in varying areas and for varying periods in the summer, flow in to the shores in such huge bodies that the quantities caught are insignificant in relation to the immediate supply. While we have the production of many types of fish, such as salmon, lobsters, herring and some others, the productive value of these is low in relation to the ground fish, which is made up of cod, haddock and other varities.

This particular industry falls within two categories. There is the frozen fish, which is largely fillets exported from Newfoundland almost entirely to the United States, there being no other market. I might say here that the Canadian market is supplied almost exclusively by plants on the mainland. They can load their product on railway cars or in refrigerated trucks for distribution to customers. Newfoundland plants would have to supply their product in much larger unit shipments by steamship transportation to cold storage warehouses at the ports of arrival, and thus run distribution costs up much higher than those of the producing plants in the other Atlantic provinces.

When we consider the fisheries of Newfoundland we are compelled to think entirely in terms of export trade and not of partial domestic trade such as other operations in eastern Canada enjoy. This is one of the considerations which must always be borne in mind by those in authority when dealing with the export problems of my province.

I would mention for a moment the subject of transportation for our fishery products

and in particular the closing down of the Canadian National Steamship operations to the West Indies. The West Indies are now the biggest markets for these exports. Representation had been made for the diversion of those boats to a Newfoundland port *en route* to the West Indies. The public were expecting a favourable response when the stoppage came. With Newfoundland's disadvantage in catering to the domestic trade of Canada for fish there was no reason why a public service should not provide Newfoundland shippers with the same rates as Nova Scotia shippers had for the same product to the same markets. It is a deplorable fact that that opportunity has been lost by the complete cancellation of that service because of a prolonged strike, and now it appears that the boats will probably pass out of public ownership. The Newfoundland fish export trade, in the circumstances, is certainly entitled to a direct allowance by the Government which will equalize freight rates to the West Indies from Newfoundland ports with those from Nova Scotia.

I, personally, feel there are grounds also for consideration of a compensation policy that will offset the freight cost disadvantage of other branches of the industry as well, both in the domestic market and abroad.

I would like now to give honourable senators some detailed information concerning the salt fish industry of my province, and to deal particularly with its competitive position with other producing countries.

This industry was started shortly after the discovery of Newfoundland in 1497 and had been prosecuted by English and other European fishermen for centuries. In fact it was the first product of trade from the Western Hemisphere to Europe. One feature of the industry is that the fishermen who catch the fish for salting live in hundreds of places around the coast, where they are both the catchers and curers, and if they cannot cure by salting they simply are prevented from fishing. I stress that fact because it is really the basis for some of the points I shall make later on as to why this industry needs assistance. It has been proven time and again, and most obviously this year, that it is of great importance as a protection against unemployment in other industries. For instance, this year there has been a big falling off of employment by the paper mills in their woods operations. The Federated Fishermen's Organization has indicated that chiefly for this reason 1,500 to 2,000 men have come back to the fishery this year and have thus taken up some of the vacuum created by lack of employment in other directions. If that is the case, we shall have around 18,000 fishermen altogether this season, of whom possibly 13,000 will be catching and salt-curing cod. That feature has a double value, as a matter of fact, because while it is a natural source of employment when other occupations fall off, it at the same time enables fishermen to continue as fishermen, for it is obvious to everyone that if our men lose their contact with the sea, and thereby lose their adaptability to wrestle with the problems of the sea, they will be ocean fishermen no longer. Such maintenance of the fishing population is of the utmost importance for future development of the industry in Newfoundland.

The precarious nature of the salt fish industry at this time, as I have said, is causing alarm. The quantity exported in 1949 was 55,800 tons, which was about the annual average over the previous twenty years. In 1957 the export tonnage on the same basis of cured weight was 32,500 tons, a drop of 23,300 tons in eight years.

Five years ago, when making an address in this chamber on Newfoundland fishery problems, I stated that while the world production of salted cod and other fish similar to ours had increased in the previous three years by 30 per cent, the Newfoundland production had decreased in the same period by 18½ per cent. Since that time world production has further increased, whereas since 1949 Newfoundland production has decreased by 42 per cent. There are people who should know better who adopt a defeatist attitude towards this salt fish industry. They say it is dying, anyway, that its only customers are the poor of humanity, and so forth. Nothing is further from the truth. The industry will die only if we do not gear ourselves to the competition, as I shall shortly indicate.

There is a growing demand in the markets of the world for the salt fish product; and, as for the class of customers, where is there better buying power in North and South America—if we except the United States and Canada—than in Puerto Rico, Cuba, Jamaica, Brazil and such countries? And if we except the United Kingdom, where is there better buying capacity in Europe than in Spain, Italy, Portugal and Greece? The salt fish consumer markets I have indicated are just representative of foreign trade generally in the Americas and in Europe—no more, no less.

Here are some figures that should impress one as to the world importance of the product. European and Canadian production of salted cod and related types has gone up from 306,000 tons in 1948 to 460,000 tons in 1956. That constitutes a big industry for any group of countries and shows a total increase of

50 per cent in that short time—from 1948 to 1956—while the Canadian portion of that production, chiefly that of Newfoundland, dropped by 42 per cent.

While considering this tremendous world growth of the salt fish trade it will be interesting to know that in 1953 salted fish of the type I refer to from Canada was 15.2 per cent of the value of all Canadian fish exports, while in 1957 it dropped to 9 per cent. All Canadian fish exports showed an increase in 1957 over 1953 of $28 million, but the salt fish export value decreased in that time by $4,360,000.

In this connection I think it will be interesting if I give some facts about European fishery operations for salted fish in waters adjacent to Newfoundland, and I do not need to repeat that I am referring to the same type of salted fish throughout my remarks. Portugal alone had 54 vessels fishing on the Grand Banks of Newfoundland this year. Those boats used Newfoundland ports, chiefly St. John's, as servicing centres. It was reported in the press that at one time this spring there were 2,500 Portuguese sailors in St. John's. Incidentally, I might say they are very welcome and they generally prove to be very law-abiding visitors. The production of salt fish by the Portuguese fishing fleet in 1957 was 68,500 tons. This was 70 per cent of the quantity used in local consumption in Portugal. They have a program for increasing their production for the years 1959 to 1964 to 85 per cent of their total consumption.

I am giving these facts because I want to bring out, if I may, the importance that other countries, progressive countries, put on this industry, while we in our part of the world seem to be forgetting about it.

The Spanish fleet of fishing boats in 1956 consisted of 58 units: 28 trawlers and 30 pairs of smaller boats, operating in units of two. They produced altogether in terms of dry weight slightly less than 42,000 tons. The French fishing fleet in 1957 consisted of 37 trawlers and produced 58,000 tons. French boats, while some visit Newfoundland ports for servicing, chiefly call at St. Pierre, Miquelon, for their harbouring facilities. While the waters adjacent to Newfoundland are a chief fishing area for those fleets, they extend their operations to the vicinity of Greenland and Iceland as well. It is an interesting comparison that the total production of salted fish by the fishermen of Newfoundland last year was about 32,500 tons, while the Portuguese, Spanish and French fishermen, who use the waters adjacent to Newfoundland as one of their principal sources of operation, produced 150,000 tons. That tonnage figure is calculated on the same dry weight basis as that of the Newfoundland production.

Hon. Mr. Hugessen: May I ask the honourable senator a question? Where do these Portuguese, Spanish and French fishermen do their salting?

Hon. Mr. Pratt: Right on the boats.

I have dealt so far with the production of three countries, only one of which, France, is a competitor in our foreign markets. The other two, Portugal and Spain, produce this product chiefly for their own consumption, and, notwithstanding their big figures of production, are valuable customers of other producing countries.

I would now like to place on record some facts concerning the volume of production and the production methods, as well as the policy of the Governments of other producing countries towards their salt fish industry; and I would state again that when I refer to salt fish I refer only to fish of types comparative to those produced by Newfoundland fishermen. The export volume of this food, as I said, ranks well up among the important products of world trade.

The chief competitors of Newfoundland for this product in the foreign markets are Iceland, Norway, France and Denmark. The various forms of assistance given in those countries is of tremendous interest. While the forms of assistance vary with each country, the general effect on their industry is not very dissimilar. If I may, I will give some brief details.

France pays an exporting subsidy equal to about $3.50 per hundredweight.

Norway has various means of assisting, which includes direct subsidies in units of production to fishermen, subsidies to processors and exporters, as well as contributions to cost of fishing gear.

The United Kingdom, whose product is used mostly for local consumption, has subsidies both for vessels on a daily basis of operation and on a production basis for cod and other ground fish, which would approximate $3 per hundredweight on our dried-weight basis of calculation.

Those subsidies which I have mentioned are the equivalent of about 30 per cent of the average prices paid to fishermen at the points of production in Newfoundland.

Denmark and the Faroe Islands are in the process of financing large new fishing boats, which will be actually freezing and processing plants, to the amount of 37 million kroner, half of which, by the way, comes from the Faroe Islands' Marshall Aid fund.

Iceland, which is one of our leading competitors, gives the greatest direct assistance to their fishing fleets. The Icelandic Government paid to owners of trawlers which operated in the iced fish industry 4,000 kroners, or the equivalent of £88 sterling per day for

each boat. For each trawler whose product was locally processed the payment was £110 sterling per day; and for trawlers that produced salted fish which is sold in competition with our salted product, £133 sterling, or about $360, per day for each boat. Boats built since 1949 were given an extra daily subsidy of the equivalent of £13 because of higher capital costs. There is also a subsidy toward fuel costs. Subsidies for motorboat fishermen, plants and fish as exported went well over the equivalent of £4 million sterling. The total subsidies in Iceland for their fisheries approximated £8 million sterling in 1957. It seems incredible, but it is a fact, that the Icelandic Government has announced direct subsidies for the industry that in 1958 will bring the total subsidies to approximately 80 per cent of the value of the product. No one in his senses would advocate that the Canadian Government follow the extremes of such a policy, but I think it is only right and of interest to us all to bring these facts out, when today we are facing a very acute problem in the industry.

One naturally asks: How can they do it? Well, they have American aid which they divert to the industry. Notwithstanding that, they have imposed a circle of tariffs and other taxes to a degree that has caused serious inflation and may be nullifying to a great extent the local advantages which had been anticipated for such trade promotions.

It is very evident that the trade promotion policies of the various countries which I have outlined cannot be ignored, otherwise we shall just be saying to the people of Europe—and, indeed, to Asia, in time—"Come over and take the fish from our shores. We in Newfoundland can do nothing with them, except" and let me repeat "what we can sell to the United States of the fresh and frozen product." The imponderable there is: When will the United States tariff change again, and when will the United States be reconsidering quotas?

A feature of particular interest to Canada that I would like to mention, and one incidental to all this, although not entirely arising out of it, is a situation in the fish exports from Canada—principally Newfoundland and Nova Scotia—to Jamaica. On a previous occasion I mentioned what appeared to be an impending break in a continuous trade relationship over the years. An immediate contract, however, was made with Jamaica at the time and a cut-off avoided. In November of last year the Jamaican Government trade control authority asked the Newfoundland Fish Export Organization for a firm contract price for shipment of all Jamaican requirements of salted fish, from July up to the end of this year. It may be significant that this inquiry came to Newfoundland some months before the new season's production commenced. Deliveries had to be of new production, of course. It was very difficult to guess at a value for fish still swimming in the ocean. Anyway, as demanded, a price was submitted and the result was that the contract went to Iceland, notwithstanding the fact that the Icelandic shipments were not to commence until seven months later. The value of salt fish exports from Canada, mostly of Newfoundland production, to Jamaica, has been averaging around $2.5 million per year. Prices at which sales have been made to Jamaica, and, of course, to the West Indies generally, have varied very little for years and have not gone up in line with the increased cost of production.

I bring this matter to the attention of the Senate not by any means for the purpose of inviting a threat from our officials, but very definitely to help guide their thoughts in the matter of trade policy. It is time that such a country running a very favourable trade balance with Canada should be more strongly reminded that trade has mutual considerations. The trading position between Canada and Jamaica is that in 1956 our imports from that country were to the value of $24,600,000, and our exports $17,200,000. In 1957 Canada's imports from Jamaica amounted to $40 million and our sales to that country were $19,400,000. Surely a favourable trade balance in favour of our Jamaican friends of $28 million in two years is worth taking notice of. It is a fact that the livelihood of a large number of Canadians, whose sole occupation is fishing, cannot and will not be ignored in such matters of foreign trade policy.

Honourable senators, I have not put all this calculating and tabulating effort into the preparation of this talk just in order to put figures on record. I must thank you for your patience in listening to it. I assure you that there is a very definite need to provide more facts on our fishing industry than are readily available and to give them greater publicity so as to stimulate an interest in getting a progressive program. There has always been a very strong interlocking of producer interests between the various divisions of our fishing industry, but in the past the necessary attention has not been given to a well-rounded-out policy which would advance its many divisions in proper relation one to the other. As I have already intimated, the one getting the least attention but engaging about 70 per cent of the fishermen is the salted fish branch.

I might say that in Newfoundland we have what I consider is a very fine setting for stimulating improvement if a well laid-out policy were available. First, there is a well organized and progressive Federation of Fishermen Organization, which is most anxious to co-operate. There are some active fishermen's co-operatives. Then there is an exporters' financing and marketing body, which is ready to extend and interlock its activities. Also there are government fishery departments, both federal and provincial, which are anxious to be of greater service. With all that there is unfortunately a lack of well co-ordinated effort between the various interests.

At this point I would like to mention a matter which I think is of extreme importance, that of the application of practical research within the industry. We have the services of research stations and tremendous progress is possibly being made in the theoretical field as well as possibly in the practical field applying to the supply of fish and the movements of fish in the ocean and such matters. I like to think of research in its application to our fisheries as being a major factor between the producer and the consumer. That calls for devising means not only for better preservation and improvements in the present day article, but doing everything possible to appeal to the shopper in the supermarket as well as to cause increasing demand from the family as they sit around the dinner table. The world, it is said, practically lives out of cans, but we hardly know the appearance of one in relation to any branch of the Newfoundland fishing industry. Industrial research by great industry in the United States, for example, has in the past generation converted the products of the land and the sea into a thousand new articles. It is time our government research institutions got down to a program of encouraging industry to create products that will help the producer and the processor to make a living.

In respect to our existing salt fish industry again, the fishermen need encouragement to take a greater interest in quality and to cure the types that are most acceptable and will bring the highest return in the markets. As that proceeds we need strict enforcement of practical grading regulations, both at the time the product changes hands locally and when packed for export. Unquestionably, the conditions at this time call for the application of subsidies or floor prices and such forms of assistance to save the industry as are now applicable to a large number of agricultural products. Each one of these subsidies or floor price arrangements came into being when the affected industry badly needed help, as the salt fish trade now does. This assistance should be in the form that will result in fishermen getting higher returns for better quality, and there should be the greatest care to produce the grades that will command the highest prices in the foreign markets. In some foreign countries, for specialized types, there are prices available that are beyond anything now being obtained for the product exported. The greatest effort needs to be made to keep our product moving in the traditional markets, such as Brazil and others, particularly where the balance of trade is favourable, as it is now with Brazil, but where exchange difficulties are blocking sales.

Finally, honourable senators, I might say, the whole industry needs a forward-looking plan with a competent supervising agency which can co-operate fully with all the interests involved, and I am sure that, with a reasonable measure of direction and encouragement, there will be a loyal response by the Newfoundland fishermen, and all others concerned.

Hon. Jean-François Pouliot: Honourable senators, I understand that the debate on the Address is about to conclude, and I am very happy to have the privilege of speaking in this debate.

Before coming to my main remarks I wish to congratulate the Leader of the Government (Hon. Mr. Aseltine) on his appointment, which he deserves in every way. Up until now he has been very fair and helpful to his colleagues, and I have no doubt that he will continue in that good mood. In that respect I wish to support very strongly the suggestion made by the honourable senator from Cochrane (Hon. Mr. Bradette), that the Leader of the Government in the Senate should be called to join the cabinet in the capacity of a Privy Councillor. It would be much more convenient for us, because whenever we had a question to ask the honourable leader he would be in a better position to answer; he would have a background for his answers from discussions with his colleagues within the precincts of the Council Room.

I may add, it is not for a senator on the Opposition to make such a suggestion, but, on the other hand, as a member of the Senate I am interested in the best possible practice in this chamber, and I show the confidence I have in the honourable gentleman by supporting the suggestion already made by the honourable senator from Cochrane.

Honourable senators, this is what has been called "Dominion Day". In Montreal the other day I was surprised to see an advertisement in a store mentioning the holiday: in French it read "Fête du Canada" and in English it was "Dominion Day". It was as if the Canadians of British origin had a different day for the holiday than those of French extraction, because "Dominion Day" could never be accurately translated "Fête du Canada".

In this connection I would like to refer my honourable colleagues to what was said by Sir John Macdonald, the architect of Confederation, to one of the Lords in Great Britain. This passage will be found in the *Memoirs of Sir John A. Macdonald,* by his faithful secretary, Sir Joseph Pope, at pages 330 and 332. There is a preamble to the letter by Sir Joseph Pope and then there is the letter by Sir John. I shall read first the preamble. I am the more fascinated by the matter because the letter was written from Rivière du Loup, where I live, and where Sir John Macdonald spent 23 or 27 happy summers. The preamble by Sir Joseph Pope reads:

—At Westminister, as elsewhere, the guiding hand throughout the whole of these negotiations was that of Sir John Macdonald, who, amid much discouragement, devoted all the energies of his mind to the work of building up a new nationality on this continent. When I speak of discouragements, I do not refer to the difficulties inseparable from the task of reconciling the different and sometimes conflicting interests of the several provinces, but rather to the want of appreciation shown by the Imperial Authorities of the great work in hand. They were, as I have said, interested in the negotiations, and freely lent their assistance to the carrying out of the scheme, but their idea of what was to be attained fell far short of the lofty conception of Mr. Macdonald. He was intent upon founding a kingdom, they upon affecting an arrangement which would result in the simpler administration of the Colonial Office. With his mind full of the Imperial idea, he seized upon the occasion as affording an opportunity for consolidating and strengthening British rule upon this continent, while they do not seem to have been animated by any higher notion than that it would be a good deal more convenient to deal with one colony than with half a dozen. Sir John himself has illustrated very clearly what I have attempted to say:

And here is Sir John Macdonald's letter to Lord Knutsford:

A great opportunity was lost in 1867, when the Dominion was formed out of the several provinces. This remarkable event in the history of the British Empire passed almost without notice. The new Confederation had, at the time of the union, about the same population as the thirteen colonies when they rebelled and formed a nation imbued with the bitterest feelings of hostility towards England—feelings which, by the way, exist in as offensive a form now as they did on the day of the 'declaration of independence'.

Naturally, those feelings changed with time, but this is what Sir John wrote. I continue to quote:

The declaration of all the B.N.A. provinces that they desired as one Dominion to remain a portion of the Empire, showed what wise government and generous treatment would do, and should have been marked as an epoch in the history of England. This would probably have been the case had Lord Carnarvon, who, as Colonial Minister had 'sat at the cradle' of the new Dominion, remained in office. His ill-omened resignation was followed by the appointment of the late Duke of Buckingham, who had as his adviser the then Governor General, Lork Monck—both good men, certainly, but quite unable, from the constitution of their minds, to rise to the occasion.

The Union was treated by them much as if the B.N.A. Act were a private bill uniting two or three English parishes. Had a different course been pursued—for instance, had united Canada been declared to be an auxiliary kingdom, as it was in the Canadian draft of the bill—I feel sure (almost) that the Australian colonies would, ere this, have been applying to be placed in the same rank as the "Kingdom of Canada".

I am not through yet. Sir John Macdonald had more to say about this. I quote further:

Pray pardon this long discursive letter which I have been tempted to bore you with by the pleasant and cool breezes of the Lower St. Lawrence, where I am spending some weeks of escape from the heat of Ottawa, and by the hope that, by the time this reaches you, you will have been able to get away for a time from official cares.

Should I be able to visit England this year, I shall not refrain from pressing my views on Her Majesty's Government at even greater length than I now venture to trouble your Lordship with.

Meanwhile believe me, dear Lord Knutsford,

Faithfully yours,

John A. Macdonald.

And I am not through yet. The postcript is even more pungent than the letter:

P.S.—On reading the above over, I see that it will convey the impression that the change of title from Kingdom to Dominion was caused by the Duke of Buckingham. This is not so. It was made at the instance of Lord Derby, then Foreign Minister, who feared the first name would wound the sensibilities of the Yankees.

"The Kingdom of Canada" would wound the sensibilities of the Yankees!

I mentioned this incident in our history to Lord Beaconsfield at Hughenden in 1879, who said, "I was not aware of the circumstances but it is so like Derby, a very good fellow but who lives in a region of perpetual funk.

Then the initials, "J.A.M.D."

I am not through yet. I have here the comments of an intimate friend of Sir John A. Macdonald; I refer to Sir Joseph Pope.

The Hon. the Speaker: What is the date of the letter?

Hon. Mr. Pouliot: The date is July 18, 1889, and it is, as I say, in the *Memoirs of Sir John A. Macdonald*, by Sir Joseph Pope, pages 330 and 332.

The title "Kingdom of Canada" appears for the first time in the fourth clause of the third draft of the Bill. It was substituted for the words "United provinces," which appear in the preceding draft. Mr. Macdonald, impressed with the importance of the monarchical term, made every effort to retain it; but for the reason which he relates, the Imperial authorities would not consent to its use.

Well, now, this is a matter for reflection and comment.

So I suggest to honourable gentlemen who say they are true to the doctrine of Sir John Macdonald that they have a good opportunity to prove it by calling Canada "the Kingdom of Canada." I remember having heard the late King, speaking from the Chair in this chamber, say in his good English something about the "realm" of Canada. We know that Her Majesty the Queen is not the Queen of the Dominion of Canada, but the Queen of Canada. Why should we go backward and, instead of being good Canadians, be Derbys—Derbys who are afraid of the Americans, who do not want to "wound the sensibilities of the Yankees"? Imagine! This is the reason why Canada is not called the "Kingdom of Canada". It has not been called the "Kingdom of Canada" since Confederation. It is the "Dominion of Canada" because one Englishman, Lord Derby, did not want to "wound the sensibilities of the Yankees". I think of the picture of the Prime Minister—for whom I have a great regard—in front of the "Dominion Bureau of Statistics". There, speaking like Derby, he said, "'Dominion' will stay there". I saw the photograph in one of the Ottawa papers. There was much discussion, and a bill about Canada Day, which created a turmoil in the House of Commons and made some of our colleagues pale. But, though Canada is our country, we are a country without a name. It is not "Canada", it is the "Dominion of Canada". My honourable friend may call it what he likes, but I believe it is "Canada". I wonder if I am right. We hear that the celebration today is that of the "Dominion".

Another reason I object to this term is that Canada is such a great country and Canadians are such great citizens that they should have no inferiority complex in relation to anyone. They should be proud of their country. They should be proud, not of the "Dominion" of Canada, but of Canada. They should be proud to be Canadians, just as the Romans were proud to be Romans. The Roman of old said, "I am a citizen of Rome" —*"Civus Romanus sum"*. This is not an academic matter, it is of the first importance, for if we have no inferiority complex in relation to other nations of the world, our Government and our Parliament will be in a better position to make decisions for the welfare of the Canadian people.

And now my dear friend and deskmate (Hon. Mr. Stambaugh) hands me a copy of the *Minutes of the Proceedings of the Senate* —not of the Dominion of Canada but of the Senate of Canada—which means a program. I am not bigoted enough not to give credit to the Government for the playing of two national anthems—"O Canada" and "God Save the Queen"—as was done today to my joy and satisfaction. But it is not inaugurating anything; it is continuing what was done by the previous Government. It is a good thing to sing "O Canada" in our national celebrations. It means that the love of our country still exists in the hearts and minds of those who prepare these programs. Now, this name of our country is all the more important, because, according to the Canadian Citizenship Act, we have three nationalities: we are British subjects, we are citizens of Canada—for a certain number are—and we are citizens of the Commonwealth, like people from India, Pakistan and South Africa. I wonder how many applicants for citizenship ask for Commonwealth citizenship or British citizenship or Canadian citizenship? Some day I may ask a question about this, and I wonder if it will be possible to have an answer.

In years to come this citizenship question will have to be cleared up, but I may say now that there are some Canadian citizens who were not born in this country but who are just as good, if not better, Canadians than some who were born here. I made this comment in the House of Commons some years ago. It is a great privilege to meet so many people from all parts of the country and to listen to their points of view. It completes one's education.

I appreciate very much what has been said by the honourable gentleman from St. John's West (Hon. Mr. Pratt) about trade. I always listen to him with the greatest attention and profit. He invariably has something new to say and he speaks only of what he knows. But, honourable senators, we can make progress in our trade relations. What did I hear about the World Fair at Brussels? It is that there have been many complaints that Canada's exhibit is not as good as it should be. Many of my friends who were there are sorry that Canada has

lost a great opportunity to advertise our products at this World Fair. However, the Government can redeen itself, and there are many ways of doing so. It can use barter if it wants to trade with nations that have not enough currency. They can barter. This was suggested a long time ago. I remember suggesting to the Honourable H. H. Stevens, when he was Minister of Trade and Commerce, that we barter Canadian wheat for Chinese tea and rice. It could still be done. It is an open market and it would make the city of Vancouver even more important than it now is on the shores of the Pacific Ocean. What if we renewed our trade with China? Vancouver, as well as every part of Canada, would prosper from it. It would be a benefit, too, for the farmers of the West and, as a matter of fact, for all Canadian citizens. This can be done, and if it were done the tea market might be transferred from London to one of the big cities of Canada. But if the Government takes the view that everything that is done by another country is right, and lacks the initiative in matters like that, we will make no progress. It is time to consider this matter with regard to agriculture, trade and everything else from a purely Canadian point of view.

When the Government, any Government, has reached that conclusion it will be easy for it to make a celebration of a truly distinctive national flag. I am not going to insist very much on it now, for the idea is progressing all the time. In the city of Victoria during the weekend the president of the Junior Chamber of Commerce said that the idea is emerging and that the only thing to do is to get some advice from experts in heraldic science—which of course is no science at all. It is an exploitation of public credulity. The only thing to do is to have a nice, noble national emblem like the maple leaf, in any colour of the maple leaf, on some suitable background, and fly it as the national flag of Canada.

Honourable senators, in conclusion I wish to congratulate my colleagues who have taken part in this debate upon the excellent speeches they have made, and I would mention particularly the mover (Hon. Mr. Monette) and the seconder (Hon. Mr. Thorvaldson) of the Address. Both are lawyers of high standing and they have made a success of their efforts. I could pay a tribute to all my colleagues who have spoken. The honourable senator from Medicine Hat (Hon. Mr. Gershaw), for instance, made a special study of matters concerning the Federal District, and I am much indebted to him for what he has said.

I have one word to add before closing. All of us should envy the honourable senator from Blaine Lake (Hon. Mr. Horner) for having two sons, as well as a nephew, in the House of Commons. I hope they will conduct themselves there as he himself does in the Senate.

Honourable senators, I thank you for your kind attention. I will discuss various matters in due course as they arise. I was most happy to take the opportunity of mentioning to you this evening what Sir John Macdonald, the great architect of Confederation, thought of it. And if the Conservative party said, "Well, we follow the principles of Sir John Macdonald, we will be a good fellow"—ha, ha, ha! Be careful to say that on the question of the Kingdom of Canada. Sir John Macdonald thought the same as all those who boosted the Kingdom of Canada, and he accepted the word "Dominion" because it was forced on him by Lord Derby—it was just to appease the honourable gentleman.

On motion of Hon. Mr. Vaillancourt, debate adjourned.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY (SUBSIDIARIES) BILL, 1958— SECOND READING

Hon. Paul H. Bouffard moved the second reading of Bill S-7, respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

He said: Honourable senators, the purpose of this bill is to amalgamate and dissolve nine wholly-owned subsidiaries of the Canadian Pacific Railway Company. It is similar to two other bills already passed by Parliament. In 1956 a bill was passed to amalgamate and dissolve thirteen subsidiaries of the company, and in 1957 a similar bill was passed dissolving twelve subsidiaries. The amalgamation of the properties and the dissolution of the companies will simplify organization, avoid the need for separate meetings of shareholders and directors, and eliminate duplication of books and records. The Canadian Pacific Railway owns all the stock and debentures of these companies, and also operates all these lines under leases, one line being leased for 99 years, seven lines for 999 years, and one in perpetuity.

Hon. Mr. Brunt: Will the honourable senator permit one question at this time?

Hon. Mr. Bouffard: Yes.

Hon. Mr. Brunt: I notice that the explanatory note says:

> The said companies are all operated by Canadian Pacific Railway Company under long term leases as part of the Canadian Pacific system.

Further, the note reads:

Section 4 of the bill provides for the dissolution of the subsidiary companies which were incorporated by Act of Parliament.

The explanatory note does not say what they propose doing about these leases.

Hon. Mr. Bouffard: They will all disappear. The C.P.R. will continue to operate these different railways, but when the companies are dissolved—

Hon. Mr. Brunt: The tenant will become the landlord?

Hon. Mr. Bouffard: The tenant will become the landlord and will take over all the properties. Section 2 of the bill provides:

The railways and undertakings of—

And it names the various companies.

—and all the powers, rights, privileges, franchises, assets, effects and properties, real, personal and mixed, belonging to or possessed by the said companies, or to which they may be or become entitled, are hereby vested absolutely in Canadian Pacific Railway Company.

Hon. Mr. Brunt: So the landlord takes over the assets that are being leased?

Hon. Mr. Bouffard: Exactly. They already belong to the same company, because it owns all the shares and all the debentures. The Canadian Pacific Railway is the only bondholder.

All these railways are under the jurisdiction of the Board of Transport Commissioners, and all are operated by the Canadian Pacific Railway at the present time. There are only two important lines. One is the Vaudreuil to Ottawa main line, which is called the Montreal and Ottawa Railway Company.

Hon. Mr. Farris: Has the Transport Board passed on this?

Hon. Mr. Bouffard: Neither the Transport Board nor the Department of Transport has any objection. If this bill is given second reading I shall propose that it be referred to the Committee on Transport and Communications, and the officials of the Transport Board and the Department of Transport can be called to state whether they have any objection to the bill at all.

Hon. Mr. McKeen: Are any of these companies in British Columbia?

Hon. Mr. Bouffard: None of the companies named in this bill.

Hon. Mr. Roebuck: Has not the same process of consultation been carried out with the Canadian National Railways?

Hon. Mr. Bouffard: Exactly the same thing. As I have said, its purpose is just to avoid unnecessary expense, duplication of records and books. The same railways will be in existence, the same operations carried out, and the revenue will be received by the C.P.R., as at the present time, except that it will not go through the subsidiary companies.

Hon. Mr. Farris: Will this involve legal fees?

Hon. Mr. Bouffard: These companies have been under the operation of the C.P.R. for a long time and there will probably be no legal fees at all.

Hon. Mr. Lambert: Will they write off the capital investment?

Hon. Mr. Bouffard: They will write off the capital investment, and increase the properties on the assets side.

Hon. Mr. McKeen: Does this have anything to do with cutting out service?

Hon. Mr. Bouffard: Nothing at all with cutting out service. The lines will be operated as before.

Hon. Mr. Taylor (Westmorland): May I ask the honourable senator a question? One of the railways referred to in section 2 of the bill is the New Brunswick Southern Railway Company. Could the honourable senator tell me what railway that is?

Hon. Mr. Bouffard: It is a small stretch of railway extending from Bay Shore in New Brunswick to Saint George, a distance of about 46.1 miles. I have a map here showing that line which I could show my honourable colleague either now or after the house adjourns.

Hon. Mr. Taylor (Westmorland): As I understand it, there is a line of railway running from Saint John to Saint Stephen. Is the New Brunswick Southern a section of that line? I am wondering why just one section of that line is being dealt with.

Hon. Mr. Bouffard: Yes, it is a section of that railway line running out of Saint John—a small branch line, 46.1 miles long—which is in operation and will continue in operation until it becomes unnecessary. If in future it becomes unnecessary the company will have to seek permission of the Board of Transport Commissioners to cease its operation.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Bouffard, bill referred to Standing Committee on Transport and Communications.

BUDGET PAPERS

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, earlier in the day I asked the Leader of the Government about the tabling of the document called "Budget Papers" and he informed me that he thought he had already tabled it. I now find out that it was tabled, and I thank my honourable friend.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, July 2, 1958

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

Prayers.

Routine proceedings.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I beg to lay on the table two reports as follows:

Report of the Canadian Commercial Corporation for the fiscal year ended March 31, 1958, as required by section 13(1) of the Canadian Commercial Corporation Act, 1946. (English and French texts).

Report of the Defence Construction (1951) Limited for the fiscal year ended March 31, 1958, as required under section 85(3) of the Financial Administration Act. (English text).

PRIVATE BILL

TRANS MOUNTAIN OIL PIPE LINE COMPANY—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill S-6.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill (S-6), intituled: "An Act respecting Trans Mountain Oil Pipe Line Company", have in obedience to the order of reference of June 26th, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. McKeen: With leave of the Senate, I move the third reading now.

Motion agreed to and bill read third time and passed.

LAND USE

COMMITTEE QUORUM REDUCED—AUTHORITY TO PRINT PROCEEDINGS

Hon. Arthur M. Pearson, Chairman of the Special Senate Committee on Land Use in Canada, presented the first report of the committee.

The report was read by the Clerk Assistant as follows:

Your committee recommend:

1. That their quorum be reduced to seven members.

2. That they be authorized to print 800 copies in English and 200 copies in French of their day to day proceedings.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Pearson: With leave of the senate, I move that the report be adopted now.

Motion agreed to.

REMOVAL OF FLAG FROM SENATOR'S OFFICE WINDOW

Hon. Mr. Aseltine: Honourable senators, with regard to the question asked yesterday by the honourable senator from Rigaud (Hon. Mr. Dupuis), I regret that I have not had sufficient time at my disposal to investigate the matter fully, but I shall try to have an answer for him tomorrow.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

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

Hon. Cyrille Vaillancourt: Honourable senators, I address my first words to our most Gracious Queen. Her dignity is a symbol and a guide for all people of the Commonwealth.

(*Translation*):

Long live the Queen!

I also wish to pay my respects to you, Mr. Speaker. They may be repetitious, but no matter, for pleasant duties are so rare that it is no burden to repeat these compliments, particularly when they are addressed to someone as worthy as you.

(*Text*):

To the Leader of the Government in the Senate (Hon. Mr. Aseltine) I present my best wishes. I hope he will continue to learn French in order to be able to explain bills in French in this house.

(*Translation*):

To my own leader (Hon. Mr. Macdonald) I want to pay tribute, in appreciation of the guidance he gives us, of his constant dignity and of the pleasure we find in giving him our utmost co-operation.

(*Text*):

The leader on this side of the chamber (Hon. Mr. Macdonald) mentioned that we are privileged to have in this house a senator who has two sons members of the House of Commons (Hon. Mr. Horner). I take this occasion to present my congratulations to the honourable senator. At a recent sitting of the Senate the honourable senator acted as Speaker of this chamber, and that was

the first time that a Speaker in this chamber had not one son, but two sons, in the other house.

I come now to my remarks on the Speech from the Throne.

(*Translation*):

Our friend from New Brunswick has presented his good wishes to the senators from British Columbia which is celebrating its first centenary this year. He invited British Columbians to visit New Brunswick, a splendid province, and reminded them also that many people from New Brunswick have, in the past, settled in British Columbia.

I would take the liberty of reminding my colleagues that this year, we in Quebec are celebrating the 350th anniversary of the founding of Quebec city by Champlain, and I invite not only the British Columbians but all Canadians to come and visit our city, which is located in a unique spot in the world, atop proud Cape Diamond. On one side rise the Laurentians and on the other, flows the majestic St. Lawrence. Do not hesitate, for you will be received with open arms; the proverbial hospitality of the people of Quebec has not changed.

This very morning, in the Montreal *Gazette*, I found confirmation of this French Canadian hospitality, which really exists in the province of Quebec. I quote:

(*Text*):

AFTER 23 YEARS . . . I THANK GOD

"After 23 years as Bishop and Archbishop of Quebec, I can devoutly thank God for the courtesy, kindness and understanding which have been accorded to us by the bishops and clergy of the Roman Catholic Church and the general goodwill of the provincial authorities."

These words were heard on Sunday in St. Paul's Cathedral in London. Most Rev. Philip Carrington, the Anglican Archbishop of Quebec, now in London to attend the Lambeth Conference, was the invited preacher.

He was speaking as one having authority, for, as he said, he was speaking out of 23 years of experience. He described the Anglican population of his diocese as "very minute," and as living in a province with several million French-Canadians. But the achievement of co-existence is not merely a legalistic accommodation, but the development of a spirit of wise adjustment.

And a great achievement it has been. "I wonder," said the Archbishop, "whether there is anywhere else on the face of the earth where two races have lived together so successfully in mutual respect and affection."

(*Translation*):

The Speech from the Throne points out that the Government

—wishes to urge upon all groups in our society a recognition of the dangers and iniquities of inflation and the need to restrain demands which will give rise to increases in prices and the costs of production.

As honourable senators will recall, in 1956-57, and especially early in 1957, the government then in office endeavoured to control inflation. Statistics show that in May and June that year, a certain control had been exercised, the cost of living had been practically stabilized—not too soon indeed! But since then, there has been again a trend towards inflation and, since April, 1957,—a 12-month period—cost of living has increased by 4 points.

Some people are of the opinion that we are now undergoing a period of regression, some call it a recession; others talk of unemployment or of inflation—all of them are wondering if we are not experiencing a recurrence of the conditions which prevailed during the thirties. But our present situation is altogether different. In 1930 and in 1932, the social security measures from which we are now benefiting did not exist. Likewise, stock exchange operations were not controlled as they are today. My colleagues will recall that in 1929, people who wanted to play the stock market were only required to pay 10 per cent down, while the rest was financed by the banks; that is why, when the crash took place, everybody was caught off guard and a general bankruptcy followed. Nowadays, if you wish to buy stocks, you must pay down 50 per cent in cash. The down payment is even higher in the United States. Therefore, if we are now undergoing a recession, it is not because of the collapse of the stock market. For many months now, stocks have been at a low ebb; very few people have gone into bankruptcy and very few brokers have been compelled to close shop. Why? Because precautions have been taken to prevent a crash similar to the one which occurred in 1929.

In 1929, when the crisis took place, bank deposits fell sharply. For a year and a half, deposits in the *Caisses populaires* showed a decrease of about 50 per cent; today, the reverse is true. People talk of a recession, of unemployment. Nevertheless, deposits in the *Caisses populaires* and in the banks are increasing. During the first six months of 1957, bank assets have shown an increase of a little over $67 million and in the remaining six months of that same year an increase of $748 million.

On April 30, 1958, bank deposits amounted to $6,456,000,000 compared to $6,381,000,000 on March 31 of the same year, an increase of $75 million; compared to bank deposits of $6,211,000,000 on April 30, 1957, the increase is $245 million in twelve months.

There is unemployment in Canada; nevertheless bank deposits are still increasing.

We have heard about the tight money policy decreed by the Bank of Canada and

by the Government. By the end of April, 1958, short term loans and demand loans amounted to $219 million and on March 31 of the same year, to $263 million. On April 30, 1957, they amounted to $301 million. And, in 1957, it was claimed that the Government was restricting loans.

By the end of April, 1958, commercial loans amounted to $5,118,000,000—a slight decrease from the preceding month of March and the end of April, 1957.

Total bank assets amounted to $14,110,000,000 as of April 30, 1958, compared with $14,081,000,000 on March 31, 1958 and $13,494,000,000 on April 30, 1957.

Some things are hard to explain. Many industries have slowed down, while mines have cut down their production by 50 per cent. Such a situation is not peculiar to our country, for a recession exists throughout the whole western world. What goes on in the eastern world, on the other side of the Iron curtain? I do not know. During the last quarter of 1957, our gross national product in Canada decreased by $300 million. That was the first falling off since the slight recession we experienced in 1953-54.

These are facts. See for yourself and draw you own conclusions.

There is one strange thing in my opinion: interest rates on bonds have gone down by at least 1½ points during the last six months; however, interest rates on mortgages and notes have remained at the same level. You hear people say that interest rates on bonds were too high and that many municipalities find it difficult to raise the funds they need for their own financing. And yet in the past, when the dollar was worth 100 cents and when a paper dollar could be exchanged for a dollar's worth of gold, bonds were negotiated at a rate of 6 and 7 per cent. Today, with our currency worth so much less, people complain that a 6 per cent rate of interest is too high. Those who spend too much always think that others are asking too much. Taking into account the real value of the dollar for the last few years, we notice that the 1958 dollar is worth only 53 cents compared to the 1940 dollar. The importance of this depreciation is easily seen. To go farther back, a quarter of the 1900 dollar which was payable in gold was worth as much as our present day dollar. Every increase in salaries causes a rise in the cost of living. The rate of the depreciation index goes up and inflation increases that much more.

In times like these, every one has his own opinion and expresses it freely. We have theoretic economists, practical economists and others who have mastered both theory and practice. When everyone puts forward his own opinion, it is not always easy to give sure guidance, especially in the field of economics where there are so many unforeseeable factors.

I do not say that the Government alone is responsible for the existing unemployment; we all want the Government to put a stop to the recession. We want to get everything from the Government, but we do not want to make the necessary effort to avoid disastrous consequences. For instance, during the war the Canadian economy was strictly controlled. To buy certain goods, we had to pay 50 per cent cash, the balance being payable within twelve months. But after the war, yielding under pressure from the Opposition, the Government repealed those emergency measures and we returned to what is called a free economy which allows us to commit any excesses that supposedly free people may wish to indulge in. Subsequently, our people wished to obtain as soon as possible all that they could get and, by 1953, when a slight recession appeared, a publicity campaign urged them to buy now and pay later. Such methods encouraged people to buy anything at all, because they did not have to pay immediately. At the time, the European economy had not yet fully recovered, but today, European production is as large as ours. Besides, one does not buy a refrigerator, a washing machine or an electric range every year. It seems to me that it would have been reasonable to maintain the 1955-56 level, when we were being told that we were experiencing an era of prosperity; if we had done so, we might not be in the present predicament. We had not yet reached the point of saturation, the point of wanting to buy the moon on credit. We do not seem to realize that to make the world a better place to live in, each one of us must be a better man or woman. We should not ask our neighbour to do things that we do not like to do ourselves. It is by using self-control that we will stabilize our economy.

Except in wartime, the federal Government cannot control instalment buying; it comes under provincial jurisdiction, and no provincial government has dared to take such a step. The situation has become difficult, and it may still become worse. We were accused of trying to prevent people of small means from obtaining what people with higher income could get immediately. However, all we want is to protect the people in the lower brackets against dangerous over-indulgence. And now, what can we do about the present situation? That is another problem.

Today the situation is different from the depression of the 30's, because all countries are affected; in 1930, at the worst of the

slump, the American government asked Bernard Baruch to express his opinion on the matter and to propose ways of restoring the nation's economy. Mr. Baruch explained his views before the Senate Finance Committee in Washington. The leaders of the day had their own opinion and they did not listen to economist Baruch's advice when he said that, in his view, inflation was the biggest threat to the nation. Twenty-five years later, the same Baruch offers the same advice and he has not changed his mind about that matter. It is important, he says, to balance the budget, to reduce public expenditures, to stop giving right and left more money than we receive, to refrain from exhausting revenue sources and thus, to prevent an inflation that could be disastrous. Mr. Baruch will not be listened to any more today than he was then; however, if his advice had been followed in 1933, the present situation might be quite different.

According to some economists, the Government should, in order to cope with unemployment, undertake large projects; according to others, it should reduce taxes.

Twenty-five years ago, the economists were of opinion that a depression was no time for governments to launch large public works which only increased the public debt. When you spend more than you make, you go bankrupt.

The Speech from the Throne mentioned that the Government will grant $300 million to speed up the housing program. That, to my mind, is a practical way of curing unemployment for it not only requires all kinds of construction material but also calls for the services of carpenters and many other kinds of labour. Important government projects affect only certain areas where they are centralized, while housing construction is spread over the whole country. Indeed, housing construction, directly or indirectly, reaches all our trades. As the saying goes: When construction is thriving, business is thriving.

I do not claim that those who do not agree with me are in the wrong; I have simply stated certain facts, to throw some light on the situation and to help solve our problem.

I would also like to refer to a matter which is of particular interest to me and which I want to draw to the Government's attention. Last week, I met several Canadians who had just returned from Brussels. These businessmen had visited the World's Fair and, in particular, the Canadian pavilion. They were a bit disappointed, not so much with the pavilion itself as with the propaganda which is being dispensed there. A Belgian friend of mine told me: "Had I never seen Canada, I would believe that Canada is a small country, which has just come into existence and is just beginning to be known abroad."

At the sight of the many posters showing Indians and Eskimos, my Canadian friends asked the people in charge of the various booths how many Eskimos there were in Canada. One young girl replied that there were at least two million of them. As there are many more Indians in Canada than Eskimos, that leaves very little room for the white people.

"As it was dinner time," said another visitor to the Fair, "my friends and I decided to have some typically Canadian dishes at the Canadian pavilion. You might not believe me, but we were given some adulterated maple syrup bought from the United States." Now, I happen to know that some maple syrup had been shipped from Canada for the Brussels Fair as early as last February. I got in touch with Antwerp, and I learned that that maple syrup had been lying on the docks for three months.

I wish to draw the attention of the Government to that state of affairs, in order that they might correct it. Personally, I do not blame the Minister of Trade and Commerce, but if he is made aware of the facts, he will no doubt intervene without delay to remedy the situation.

The mover of the Address said:

> Nevertheless, the most imperative duty of governments is to watch over the physical and moral conservation of its human capital.

That is why I refer again to a topic on which I made some comments last year, namely, pernicious publications. Please note that I do not simply say obscene publications; I refer to all that filthy literature which corrupts, kills or teaches how to kill, to commit rape, and so on. The Minister of Justice, who dealt with the matter last year, tells us that the Criminal Code is going to be amended in order that the word obscene be clearly defined. So much the better. But we must first banish that literature which glorifies gangsters and criminals and which, I repeat, teaches evil ways. For a long time, I have worked closely with family social services and on behalf of our youth who in the near future will take our place and to whom we should give a proper education. I am in a position to assess the terrible harm which is done by such unwholesome literature. What is the use of spending billions of dollars to assure our defence against external enemies if, in the very heart of our nation, we harbour an even more dangerous enemy who is undermining its very life?

My colleagues no doubt know that last week a child was kidnapped in Montreal and that it was here, in Ottawa, that he was

found. But do they know that in the room of the person who is suspected of having kidnapped that child, was found one of those newspapers which teach how to go about kidnapping for ransom?

Apart from those filthy publications, we must face another danger against which we cannot even fight and which is an intruder in our own homes. I refer to those objectionable shows brought in by television. Several times a day we see on the screen, even in programs especially intended for children, some stage performances showing murders, gangsters, shooting episodes and so on. Is this a good example for children? A child of seven, eight or ten does not worry about the past or the future. He is wholly influenced by what he sees.

And what about the wrestling and boxing matches shown on television? Whether they are faked or not, they glorify the pleasure derived from the ability to cripple one's opponent. I read in a Luxembourg newspaper, dated March 19 last, that the Belgian Senate had unanimously passed a bill to forbid the showing of wrestling and boxing matches on television.

We should also prohibit the broadcasting of such programs on our television network. Several educators protest, and rightly so, against such shows where human stupidity prevails. I do not say that such televised programs are immoral. However from the newspaper *Le Droit* of April 26, 1958, I quote the following: "By showing human beings who act like animals, do we not encourage men to behave like them?"

Coming back to literature, I ask the Minister of Justice if it would not be possible to insert in the clause concerning obscene literature, a paragraph forbidding the publication of those morbid magazines and literature where may be found, condensed in eight, ten or twelve pages, detailed reports of all the murders, thefts, etc., committed during the preceding week, showing that a thief was arrested because of some miscalculation on his part and that therefore, to succeed, such errors must be avoided. From a report submitted to me I quote: "Such crime reports contain really outrageous details. The photographs are unbelievably brutal and realistic, and cannot be of any value to the reader except to satisfy a morbid instinct or teach him the ways of the criminal". In concluding, may I make a very special appeal to parents, as they are responsible for their children's education. They have a strict duty to fulfil toward their children who did not choose to be born. Children were born through the will of their parents and the latter have no right to make bandits of them. May parents realize their obligations, may they care for their children, and I mean really care for them; may they love them and love them well so that they may become good citizens and be in a better position than us—if it is possible and I think it is—to make our nation stronger, braver and better.

(Text):

Hon. L. M. Gouin: Honourable senators, like our senator from Kennebec (Hon. Mr. Vaillancourt) I am glad to begin by paying my compliments to several of our colleagues. First of all I wish to congratulate our very distinguished Speaker on his reappointment to his exalted position. He exercises his function with great dignity and with a praiseworthy impartiality. I believe that we are all very proud of the senator who presides over our deliberations.

I wish to congratulate also our senator from Rosetown (Hon. Mr. Aseltine) on his appointment as Leader of the Government in the Senate. I assure him of my sincere friendship and respect.

I extend my congratulations to the Deputy Leader of the Government (Hon. Mr. Brunt). His contribution to our work is already very important.

To my leader, the Leader of the Opposition, (Hon. Mr. Macdonald), I express my loyalty and my devotion. I add that in my opinion he fulfils excellently his difficult duty.

To the mover and the seconder of the Address I am delighted to say that their speeches fully deserve the very great praises which have been extended to them.

To our new colleagues I add that I am highly pleased that they have been favoured by appointment to this chamber. I trust that they will be happy to be associated with us here and to serve our beloved country in this house.

I wish especially to pay my respects to the former Leader of the Government in the Senate, our senior senator from Winnipeg, (Hon. Mr. Haig), and to express my regret that he was unable to continue to act as leader of his party in this house. He has always shown a high sense for the prestige of the Senate and he has done much to preserve and to enhance the dignity of this chamber. The remarks which I am going to make on the duties and functions of our Senate are to some extent inspired by statements I have heard in the past from our senior senator from Winnipeg. The main source of my inspiration, however, is the speech which was delivered in this debate on May 22 by the honourable Leader of the Opposition (Hon. Mr. Macdonald).

Honourable senators, in the Speech from the Throne there is a vague reference to the improvement of our parliamentary processes. A rumour was circulated before the opening

of this session that the Government was to submit a plan to reform this house. If such news had any foundation I, of course, do not know; but, honourable senators, if a day ever comes when it is necessary to discuss any change in our procedure, or even in our structure, I believe that such discussion and such reform should originate in this chamber.

On this point I beg leave to quote the last paragraph of an article written by Mr. Clement Brown and published in *Le Devoir* May 26, 1958. I translate it as faithfully as I can:

> The true reform of the Senate must be made from the inside. The senators themselves must accomplish what public opinion and the country expect from them. The delicate situation in which they are placed under the present circumstances offers an additional reason to require them to give back to the Senate all its prestige by rising above parties and becoming again an asset for the nation at large.

It is generally admitted that the Senate is expected now to play a much more important part in the elaboration of our statutes on account of the present imbalance in the House of Commons between the party in power and the Opposition. We have, therefore, an imperative duty to try to find what general principles should guide us.

The first question which we must ask ourselves is: What mission was assigned to the Senate by the Fathers of Confederation? Sir John A. Macdonald, in a sentence which has become a traditional quotation, said that this house was conceived as a second chamber which can take "a second sober look at legislation initiated in the House of Commons". From this revising function entrusted to us, it follows that:

> The Senate was never intended to be a competitor of the House of Commons in the field of legislation.

On this point I share entirely the opinion of Mr. E. R. Hopkins, our Law Clerk, as expressed on pages 21 and 22 of his excellent booklet *How Parliament Works*. In fact, at no time was it contemplated that the Senate would be a rival of the other house in the field of initiating, and adopting or rejecting, Government legislation. Thus, Sir Robert Borden affirmed quite correctly that the Senate was never intended "to exercise its powers to the legal limit".

Has this house ever resisted the adoption of any Government measure for which the Government had received a popular mandate in a general election? The answer is "No", but I will discuss again this important question in a few minutes. For the time being, I will just say with Mr. Hopkins:

> The Senate has been traditionally conscious of its special role in the legislative process, that it should act as a brake, rather than a block, in relation to legislation originating in the House of Commons.

That a second chamber must yield to the clearly expressed will of the people is shown by the constitutional history of Great Britain for more than a century and a quarter. The Lords strongly disliked the Reform Act of 1832, but under the threat of the creation of new peers that measure of popular emancipation was adopted. That the Upper House must yield to the people if the people are determined, was also demonstrated in the case of the repeal, during Peel's administration, of the British Corn Laws. On this occasion the Duke of Wellington succeeded in guiding the Lords to their true position. He wrote to Lord Derby a letter which concluded as follows:

> My opinion is that you should advise the house to vote that which would tend most to public order, and would be most beneficial to the immediate interests of the country.

I found that extract in Walter Bagehot's *The English Constitution*. Immediately after referring to the opinion thus expressed by the Duke of Wellington, Bagehot added:

> This is the mode in which the House of Lords came to be what it now is, a chamber with (in most cases) a veto of delay, with (in most cases) a power of revision, but with no other rights or powers.

Thus, the functions assigned to the Upper Chamber are mainly duties of "delay and revision". In other words, since the Reform Act the House of Lords has become "a revising and suspending house." It can alter bills, it can reject bills in which the House of Commons is not yet thoroughly in earnest, upon which the nation is not yet determined.

At all events, there are many differences between the upper chamber in Great Britain and our Canadian Senate. In particular, in addition to our ordinary task of revision, occasionally Government bills of a non-financial nature are introduced here by the ministers themselves and a great many private bills originate with us. An essential distinction between the powers of the Lords and ours lies in the fact that in Canada the consent of both houses is still necessary for all legislation. Now, in Great Britain, under the Parliament Acts of 1911 and 1949,

> —any money bill which is sent up to the House of Lords at least one month before the end of the session and is not passed by that house within one month, may be presented to the Royal Assent without the concurrence of that house.

In Great Britain, since 1949, a public bill, other than a money bill, does not require to be concurred in by the House of Lords after being passed during two sessions by the House of Commons and after the expiration of a minimum delay of one year.

These provisions are set out by Sir Ivor Jennings, in his remarkable book entitled *Parliament*, 1957 edition, pages 288 and 430 to 433.

To continue my parallel, I believe, first of all, that the need or the use of a second chamber is very generally accepted. At all events, Confederation would have been simply impossible if our Constitution had not provided for this Senate with an equal number of 24 members for each of the three original sections, namely, Lower Canada, Upper Canada, and the Maritimes. In spite of unpleasant criticisms launched against us from time to time, it remains true that Quebec especially considers the Senate as a cornerstone of our federal system and would condemn as a gross breach of trust any tampering with this house, even though we have not yet reached perfection.

Honourable members, the Senate has always been supposed to secure a certain equality of representation between the various regions of our federal union. However, the Fathers of Confederation did not adopt the principle of absolute equality by giving to each province the same number of seats in the Senate. On this point they did not copy the American constitution. Neither did they grant us the special powers enjoyed by the United States Senate in matters of treaty ratifications and constitutional amendments. But it was apparently assumed that we would be the guardians of provincial rights, that in a certain sense we would each of us be a representative of our particular province.

That mission of the Senate is only vaguely defined, and I would say even more vaguely applied. Since the day I entered this house, in 1940, I have heard excellent speeches from several of my colleagues, defending the rights and interests of their respective provinces, yet I know of no instance during this period when a Government measure was defeated or amended here because it would have encroached on provincial jurisdiction.

To sum up, since 1867 the main utility of the Senate has not been to act as a champion of local autonomy. Let us see precisely, therefore, how we have in fact filled our position. First of all, the Senate quite rightly has never striven for domination. I add with pride that it has never been corrupt. Its debates have been distinguished, and I think that it has done and is doing excellent work in its standing committees. When time has permitted it we have undertaken very successfully the non-partisan revision of measures sent to us from the other place.

It should be recognized also that this house is rich in eminent specialists in agriculture, finance, fisheries, mining, various industries, trade and commerce, education, social science, medicine, law in all its branches, and also international affairs. This list, honourable senators, does not pretend to be exhaustive.

Except at the end of sessions we have generally much fuller opportunities, much more time, for expressing our views than have the members of the other house.

The remarks I have made are inspired by Lord Balfour's 1927 Introduction to Bagehot's *English Constitution*. Relying on Bagehot once more, I submit that though it be incredibly difficult to get a revising assembly, to find a group of respected revisers, our Senate is independent and efficient. We are in some respects more independent than the Commons. Our judgment is emphatically our own judgment. We have no constituency to fear or wheedle. We have the best means of forming a disinterested and cool judgment. We have also generally the leisure to form such an impartial and sober judgment. Besides independence to revise judicially, and the position to revise effectually, save in the last hours of the session or in exceptional cases, we have leisure to revise intellectually. By this last adverb, Bagehot means, I believe, to revise efficiently, in an intelligent and enlightened manner.

In my opinion this house forms a cross-section of our Canadian community. The part which we have to play is different from that of the House of Commons. Because we are appointed by the Crown with a life tenure, we can give to the bills before us serious consideration without any undue spirit of partisanship. We do our job as well as we can, and I am convinced that our most useful contribution is our work in our various committees, though it is not spectacular and as a rule enjoys no publicity whatever.

If the press were paying more attention to our committees and to the debates in this house, it would render a real service to the public and it would do better justice to us. Our people at large would become better acquainted with our institution and they would realize our usefulness. We are an essential part of Parliament, equal in rank with the House of Commons, "a co-ordinate estate of the realm", according to constitutional theory. Why are we so often criticized as being practically useless? Why does a party even advocate our abolition? Such criticism takes place, in my opinion, because our activities are not publicized enough and thus they are simply ignored.

By way of conclusion, I submit that we are in a position to discuss here not only legislative measures, but also great questions of important interest: for instance, international affairs, commonwealth relations—not only in their political aspect but also from

an economic, social and cultural point of view. I need not remind honourable senators of the work of our committees on human rights and on narcotics, of our non-official committee on world federalism, of the very interesting contacts which we thus established with some of our American friends.

In the past I tried without success to obtain joint sittings of our Senate Committee on External Relations and of the corresponding committee of the House of Commons. That committee in the other place sits to discuss estimates of the Department of External Affairs. The members of the House of Commons are jealous of their prerogatives in financial matters. I realize the difficulty of inviting us to take part in a discussion concerning the vote and the use of public funds, but I still believe that such joint sittings could be arranged to hear reports from the Secretary of State for External Affairs and the Under-Secretary, also from our representatives to the United Nations or to some conferences abroad. Otherwise, experience shows that it is often impossible, in particular, to secure at a convenient time the appearance before our own committee of the minister in charge of External Affairs, who is our ambassador-at-large and obliged to spend a great part of the session away from Ottawa.

I remain convinced that we should devote more time here to international affairs. I welcome the suggestion recently made to create a joint parliamentary committee of representatives of the United States Congress and of the Canadian Parliament. This is an excellent idea, because we have everything to gain by knowing each other better. Thus misunderstandings may be avoided and occasional conflicts of interests may be settled reasonably and amicably. It would be a great privilege for us to be given this occasion to promote better relations with our powerful neighbours.

In my last remarks, I wish to appeal to the Leader of the Government (Hon. Mr. Aseltine) so that this house, as much as possible, may be able to give fuller consideration to all public bills which are sent from the other house. Every year we have deplored the fact that in the dying days of the session measures arrive thick and fast—I would say "by carloads"! I do not blame the Government, for this practice has existed for 91 years and has become a tradition. It was denounced with indignation by the Right Honourable Arthur Meighen, as shown by the *Senate Debates* of March 8, 1934, page 140. After him, it is my duty to repeat that "this chamber is prepared for work, ready to serve the people of this country." In Mr. Meighen's words:

> It is little less than a travesty . . . that a plethora of legislation should be thrown at us in the latter part of each session, when we have no opportunity to do what we ought to do in the way of reviewing it, and all that the other house expects of us is that we shall pass it without thought, without amendment, and without delay.

Nothing, honourable senators, would do more to restore prestige to the Senate than the ending of this irritating procedure which forces us to rush the adoption of tardy bills.

Let us remember that the essential duty of this chamber, as described by Sir John A. Macdonald in the Confederation *Debates*, 1865, at page 36:

> —is to exercise, when thought proper, the right of opposing or amending or postponing the legislation of the lower house.

Sir John added that our institution:

> —would be of no value whatever were it a mere chamber for registering the decrees of the lower house.

Yes, honourable senators, our mission is to be an independent house, to have a free action of our own. The Senate—I quote again from Macdonald:

> —is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch and preventing any hasty or ill-considered legislation which may come from that body.

Honourable senators, I admire the wisdom of those remarks, and they are as true today as they were in 1865. Our duty of revision is, of course, subject to the limit which I have already indicated: The Senate "will never set itself in opposition against the deliberate and understood wishes of the people".

Whenever the Government has received from the Canadian people a clear mandate for a particular proposal, the Senate is bound, in my opinion, to acquiesce in the popular decision. Even if we doubt the wisdom of a given measure, after the electors have expressed their will without ambiguity we have but one course open to us. We must then comply with the fundamental principle of democracy which requires acceptance of the decision of the majority. In other words, the Senate must give good example by acting as a really democratic institution and, as I stated at the beginning of my address, by voting "that which would tend most to public order and would be most beneficial to the immediate interests of the country".

The Address was adopted.

The Hon. the Speaker: Ordered that the said Address be presented to His Excellency the Governor General by such members of this house as are members of the Honourable the Privy Council.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 127 to 158, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 3, 1958

The Senate met at 3 p.m., Hon. Arthur M. Pearson, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

CRIMINAL CODE BILL

FIRST READING

Hon. W. M. Aseltine presented Bill S-9, to amend the Criminal Code.

Bill read first time.

Hon. Mr. Croll: Would the honourable gentleman explain the bill?

Hon. Mr. Aseltine: Not now. I will explain the bill on second reading.

Hon. Mr. Croll: At that time we shall discuss the principle of the bill. Let us be told at this time what the principle is, so that we shall then be in a position to discuss it.

Hon. Mr. Aseltine: I could explain the bill, but I do not like that procedure.

Hon. Mr. Roebuck: I think most of us do like that procedure—I, for one, certainly do—because it gives us some intimation of what is proposed and enables us to give early attention to the matter.

Hon. Mr. Aseltine: The bill itself is a very simple one. Recently the whole judicial system of the province of Saskatchewan was reorganized and a bill was passed by the provincial Legislature doing away with all the judicial districts, which are similar to the county courts in Ontario, and establishing one District Court for the whole province. That bill was opposed very strenuously in Saskatchewan, and although it was passed it has not yet been proclaimed. This bill before us is for the purpose of amending the Criminal Code so that appeals from summary convictions can be adapted to the proposed change in the Saskatchewan district court system. Under the law as it now exists an appeal must be taken to the district court in the district where the offence took place or to the closest district court sitting. That is the venue. This bill will have the effect of changing that procedure so as to conform with the provincial act, when that act is proclaimed, and this bill will not be proclaimed until the provincial act is proclaimed.

Hon. Mr. Roebuck: That, I think, is very valuable information to us, and I thank the honourable gentleman for having given it. Evidently the bill has to do with a mere matter of routine and does not require any very great attention on the part of honourable members generally. That, however, should not interfere with the giving of a full explanation when the bill comes up for second reading.

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

Hon Mr. Aseltine: With leave of the Senate, Tuesday next.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I beg to lay on the table certain documents:

The Canada *Gazette*, Part II, Statutory Orders and Regulations, 1958, of Wednesday, June 25, 1958, pursuant to section 7 of the Regulations Act, Chapter 235, R.S.C. (English and French texts).

Exchange of Notes, constituting an Agreement between the Government of Canada and the Government of the United States of America, concerning the establishment, maintenance and operation by the United States Government of aerial refueling facilities in Canadian territory, signed at Ottawa, Canada, June 20, 1958. (English text).

Hon. Mr. Farris: May I ask the honourable leader if the second document has to do with the so-called NORAD agreement?

Hon. Mr. Aseltine: In answer to the honourable senator I must say that I have not read the document yet, but I presume it has some reference to the NORAD agreement.

PRIVATE BILL

CATHOLIC EPISCOPAL CORPORATION OF TIMISKAMING—COMMITTEE AMENDMENT CONCURRED IN

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-5.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-5) intituled: "An Act respecting The Catholic Episcopal Corporation of Timiskaming", have in obedience to the order of reference of June 25, 1958, examined the said bill and now report the same with the following amendment:

1. Page 3, line 25: after "personal," insert the following: "present or future,"

The Hon. the Acting Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Bouffard: With leave, I move that the amendment be concurred in now. I think the house is entitled to a brief explanation of the amendment. This is a private bill incorporating an episcopal corporation headed by the Bishop of the Diocese of Timiskaming and extending into Ontario and Quebec.

The powers given to the corporation are similar to those given to any corporation of the same kind. In Quebec a corporation is permitted to hypothecate its property, both present and future, on condition that the act of incorporation permits hypothecation of future properties. As respects this corporation, that would be the effect of the amendment submitted by a member of the committee, approved by the committee, and accepted with a great deal of pleasure by the corporation. That is the only reason for the amendment; to give to the episcopal authority the power to hypothecate its future properties in Quebec, as is permitted under the act of incorporation.

Motion agreed to.

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

Hon. Mr. Choquette: With leave of the Senate, I would move third reading now.

Hon. Mr. Quinn: There is no rush in this matter and I would suggest that third reading be deferred to the next sitting.

NARCOTIC DRUG TRAFFIC

PROPOSED IMPLEMENTATION OF SPECIAL COMMITTEE'S RECOMMENDATIONS —DEBATE ADJOURNED

Hon. Thomas Reid rose in accordance with the following notice:

That he will call the attention of the Senate to prevalence of narcotic addiction in Canada and the desirability of introducing legislation to implement the recommendations of the Special Committee of the Senate on the Traffic in Narcotic Drugs in Canada, which reported to this house on 23rd June, 1955.

He said: Honourable senators, in rising to speak on the inquiry standing in my name, may I say at the outset that it is not my intention to deal at any great length with the report itself which was tabled in the Senate of June 23, 1955. I have one or two particular reasons for introducing this motion, which I will reveal before I am through with my speech. I want to say first, that in spite of some criticism, particularly by certain individuals in the city of Vancouver, it is my opinion that the Senate can very well be proud of that report which was made in 1955. As a matter of fact, I challenge all who have criticized the report to tell us on what point we could add any further witnesses, or where the committee could have gone to obtain any further evidence during the time of our inquiry. There were 23 members on the committee. Forty-two witnesses appeared, including the Minister and officials of the Department of National Health and Welfare, 14 qualified doctors—many of these having experience in drugs and with drug addicts; there were representations from France, a very prominent official representative from Britain, and two representatives from the United States. Representations were made by the Salvation Army as well as by certain church ministers, and wardens and other officials of penitentiaries and jails came before us, as did members of the John Howard Society, and the Chief Constables of Montreal, Toronto, Vancouver and Edmonton. There were also many briefs presented, and a number of private citizens appeared before the committee. The Department of Justice was represented, and heads of the R.C.M.P. appeared, as well as some police magistrates. Apart from that, the committee visited the Oakalla prison farm and interviewed 150 drug addicts, spending the whole forenoon in hearing their stories in private. In addition we held private sessions with drug addicts.

With that beginning, may I say that the situation as it existed in 1955 and as it exists today has not materially changed, but I am pleased to say that it has not worsened. In 1954 there was a total of 3,212 drug addicts in Canada; in 1955, 3,425; in 1956, 3,241; and in 1957, 3,315.

One of the strange things to me, in looking over the number of drug addicts in the various provinces, is how few there are in the Maritime provinces. Indeed, it is intriguing when one looks over the figures, for there were only six criminal addicts in the province of Nova Scotia last year, and none in New Brunswick, Prince Edward Island or Newfoundland. I thought it would be interesting to honourable senators to have the latest figures, and to point out to those who come from the Maritimes that they can well be proud of their provinces in not having many drug addicts. In the Maritimes and Newfoundland there was a total of 66, most of whom were medical and professional addicts.

Hon. Mr. McDonald: They may have come from British Columbia.

Hon. Mr. Reid: I wish I had the time and opportunity to debate that. Generally speaking most of the addicts in British Columbia come from eastern parts of Canada to settle down, like many others, in our beautiful province.

Honourable senators, there has been a great deal of misunderstanding in the minds of certain citizens in the city of Vancouver, owing to a report put out by the Chest clinic, and it is in an endeavour to correct the misrepresentations on that matter that I am prompted to speak this afternoon. In their report of 1954 was a statement drawing attention to what has taken place in Great Britain. Great Britain has a population of

45 million, and its records showed a total of only 305 drug addicts, whereas Canada, with a population of 15 or 16 million, had over 3,000 addicts. It is this startling disparity which has interested many persons. Among the witnesses who appeared before our committee we were fortunate in having Mr. Walker, representing Great Britain, who at the time happened to be in New York attending the Narcotic Commission of the United Nations. We particularly asked Mr. Walker about the system in Great Britain.

Now, the thought in the minds of certain people in Vancouver and elsewhere in British Columbia is that Great Britain is giving out drugs in quantity, so to speak, to drug addicts, and that if we had a system of that kind we would cure the addicts here. As is well known to most of us who have had anything to do with the problem of drug addiction, drugs costs anywhere from $2 to $5 a shot. Some addicts use up to eight shots per day, and the money has to be found somewhere. It was natural, therefore, for people around Vancouver to become disturbed about the great number of addicts in that city, and it was owing to the resulting agitation that our committee came into being. For the benefit of those who still hold to the belief that we should adopt or try out the British system, I wish to place on record the very words used by Mr. Walker, and surely they will be accepted as the voice of one knowing the conditions in Great Britain. Mr. Walker stated:

> The continued supply of drugs to a patient, either direct or by prescription, solely for the gratification of addiction, is not regarded as a 'medical need.'

To those who advocate giving drug addicts all the drugs they want, I would say that one might just as well advocate giving an alcoholic all the whisky he can drink in order to cure him. But I am quoting Mr. Walker, the British authority. He went on to say:

> —the continued supply of drugs to a patient either direct or by prescription, solely for the gratification of the addiction, is not regarded as a "medical" need.

He said further:

> The "criminal" addict, i.e., the addict who is a confirmed criminal quite apart from his drug addiction, is virtually unknown in the United Kingdom.

Here may I point out to those senators who were not members of the committee or who have just recently come to the Senate, that the great distinction between those who take narcotic drugs in Great Britain and those who take narcotic drugs in Canada is this, that in Great Britain they have no such person as a criminal addict, whereas in Canada—and ample proof of this was given by witnesses who appeared before us—70 per cent of those who take drugs are criminals and had led a dissolute and criminal life before they ever started taking drugs. So in this country we have a dual problem when we are looking for the cure of a drug addict. If one has not done any work and lived by thieving for the better part of his life, supposing he is taken off the use of drugs, the question must be asked: is he going to commence work and carry out useful employment from that time onward? We doubt it. However, I am just bringing that to the attention of honourable senators.

Here is a more definite statement by Mr. Walker.

> There are not and never have been in the United Kingdom drug clinics in the sense in which this phrase is sometimes misused in North America to describe an institution where an addict may receive supplies of a drug either gratis or at a nominal charge.

Now, surely that statement should be accepted by all Canadians, coming as it did from one of the highest authorities in Great Britain, a man who is handling the drug situation over there. Naturally we were very anxious to have a definite statement from him in view of the statement from the Chest clinic in Vancouver that we should try the British system here, which was immediately seized upon by uninformed persons who thought the British system was to give a person all the drugs he required. It certainly does not.

I could mention the names of quite a number of witnesses. One doctor, who also had practised in London, England, corroborated Mr. Walker's statement that the British system was not a free clinic system or one that permitted the giving of drugs to addicts as they wanted them. As I say, I could place on the record half a dozen names of witnesses but I shall not take up the time of the Senate this afternoon to do so. It is perhaps sufficient to say that of the 14 medical men who appeared before our committee and gave evidence—men who had experience with drug addiction—only two, I think, favoured—and that only to a limited degree—the trying out of the clinic system, and they qualified their suggestions by saying, if all other schemes failed.

One of the particular reasons which prompted me to introduce this resolution was a statement which appeared in the press a short time ago and somewhat perturbed me. It shows that our press is sometimes a little keen to read into remarks by cabinet ministers, or even by the Prime Minister, what it thinks will attract attention. The statement purported to be made by the Honourable Mr. Fulton, the Minister of Justice, has created a great deal of concern and controversy. I am not going to quote all

the press clippings I have in my hand, but they accuse him of recommending the trying out of drug clinics. I can hardly believe he made any such definite statement. I know a short time ago he was careful—I would not say he hedged—to make clear that was not what he meant. But when I read a heading such as "May Give Drugs to Addicts", followed by a whole story about what Justice Minister Fulton said, and an editorial entitled "Learning About Drugs", which criticized the Minister for proposing clinics, I thought it well to draw the matter to the attention of the Senate and, I trust, to the attention of the Minister, with the suggestion that he should read over the evidence and the report of the Senate committee. If he can find any consensus of witnesses who favour the clinic system, well, he must be reading a different report, because I cannot find any such recommendations other than those of the two doctors I mention.

Hon. Mr. Macdonald: Has any country other than England adopted the system?

Hon. Mr. Reid: No. I am glad you mentioned that, because when the report that the Minister of Justice was inclined to support drug clinics reached the United Nations Narcotic Commission, which at the time was sitting in Geneva, my information is that the commission was greatly disturbed because the United Nations has gone on record as being absolutely opposed to drug clinics. Now that means that Great Britain, United States, France, Canada, Australia and other United Nation countries are against the idea of drug clinics. Despite the fact that the United Nations has set its face against it, that each signatory country is against drug clinics, certain individuals around Vancouver still advocate drug clinics, both in the press and at meetings, and in a few instances some of them have criticized very severely the report of the Senate committee. That is why I challenge them to tell us where the committee could have found one more witness who could have testified regarding drug addiction. We heard all the witnesses possible. We travelled about the country, and we invited every interested person to come and testify. I know of no one other than the great number of doctors, high officials and others who did appear before us, and who in their evidence were mostly all against drug clinics as such.

Honourable senators will appreciate that I was somewhat perturbed when the Minister of Justice came into the picture for at first blush it looked as if he was favouring a trial of drug clinics. Having had the honour of being Chairman of the Special Committee on the Traffic in Narcotic Drugs, I deemed it my duty to say something about this question today.

Hon. Mr. Macdonald: Were there any reputable doctors who suggested the inauguration of clinics?

Hon. Mr. Reid: We had two doctors before us who, while they did not fully support clinics, went so far as to suggest that for incurable addicts, if treatment centres failed, clinics were preferable to imprisonment for life, as some witnesses had advocated. These doctors made reference to the British system of free clinics, at which a drug addict is given some, but not all, the drugs he needs—and therefore it is a system entirely different from what they were advocating. To me that is a preposterous proposal to be put forward seriously by respectable persons.

Our report was criticized on the ground that it was one-sided and it recommended only severe penalties. That criticism is far from the truth. We went into the question very thoroughly and we advocated treatment centres; but we were aware that under the British North America Act such centres and hospitalization generally come within the jurisdiction of the provinces and not of the federal Government. So, our report and recommendations were twofold. We recommended what we felt should be done by the provincial authorities. It will take only a moment to read our recommendation in that respect:

> After a most careful and exhaustive examination of the evidence and of all the factors involved in treatment, the committee is strongly of the opinion that the recognition of drug addiction as a treatment responsibility, with the provision of facilities therefor by provincial authorities, is long overdue.
>
> The committee in pointing out the responsibility of provincial authorities for treatment, does not minimize the difficulties that are presented nor the fact that a great number of drug addicts offer little or no promise for successful treatment. These difficulties would not in the opinion of the Committee justify the continued failure to provide treatment procedures and facilities.

That part of our recommendation to the provincial authorities was directed particularly to the province of British Columbia, where most of the addicts are located, in and around the city of Vancouver. Further, in our report we made proposals as to severe penalties and what should be undertaken by the federal authorities.

I do not intend to place any blame on the federal Government for not having taken action, because it has only recently come into great power, but I feel I should suggest to the Government that it give the matter some serious thought, if it has not already

done so, and that it should take up with the provinces the question of establishing treatment centres.

Under the new hospital insurance legislation British Columbia is going to get between $12 million and $15 million, which it has already been spending under its present provincial hospitalization plan. That province now collects a sales tax, out of which it pays for the out-patient service and so forth proposed by the new federal act.

With respect to the $15 million odd that the province of British Columbia will receive under the new act, I am suggesting to the Premier of that province that he could very well spend some of that money in setting up trial centres for the treatment of drug addicts. In fact, I go further: I think that he should allocate larger contributions toward the building of hospitals, because, as most of us know, the burden of hospitalization today falls largely on the man who owns a house or other property taxed at the municipal level. While the provincial Government does make contributions toward hospital construction and costs I think some additional money could be directed to the purpose I have just mentioned. I am therefore placing that suggestion on the record.

As I said at the outset of my remarks, I rose mainly to speak against the proposed drug clinics and the support that has been given to the idea among certain persons in and around Vancouver; and further, to draw to the attention of the Minister of Justice the fallacy of endeavouring to put such a system into effect. As one newsman put it: if the Honourable Mr. Fulton puts drug clinics into effect, the system will be known for all time as "Fulton's Folly".

Hon. F. W. Gershaw: Honourable senators, the honourable senator from New Westminster (Hon. Mr. Reid) deserves our thanks for bringing forward this subject at this time.

I quite agree with him that the so-called clinics, which are merely sources of supply, have not worked out very well. But I am bound to say that the clinics that have been established, and perhaps any that might be established, are not for the purpose of giving unlimited quantities of narcotics to addicts, but rather for the administering of control doses, in the hope of doing something by way of treatment and at least keeping consumption down to the minimum required by the addict.

Honourable senators, as I wish to discuss this question further, I now move adjournment of the debate.

On motion of Hon. Mr. Gershaw, debate adjourned.

57075-4—17½

WESTERN GRAIN SITUATION

INQUIRY

Hon. Norman McL. Paterson: Honourable senators, may I ask the Leader of the Government, (Hon. Mr. Aseltine) if he would at this time care to make a statement to the house with respect to the matter which the Prime Minister brought up in the other place as to the seriousness of the grain situation in Saskatchewan and Manitoba? I was somewhat startled to read today that so many farmers are going to require assistance, and I wondered if the Leader of the Government in this house had any information about it.

Hon. Mr. Aseltine: Honourable senators, I do not care to make a statement on this question at the present time. I understand the situation is being looked into very carefully by the Prime Minister, and that it is most serious indeed. While I have some information from certain parts of Saskatchewan, I would like to get more complete facts before I make any detailed reply to the question asked. I will make a statement at the earliest opportunity.

Hon. Mr. Paterson: Thank you.

CANADA-UNITED STATES RELATIONS

MOTION TO APPROVE SUGGESTED ESTABLISHMENT OF JOINT PARLIAMENTARY COMMITTEES—DEBATE ADJOURNED

Hon. Wishart McL. Robertson moved, pursuant to notice:

That the Senate of Canada welcomes the recent suggestion of the Prime Minister of Canada for the establishment of joint parliamentary committees between Canada and the United States of America, believes it can be of great benefit in improving relations between the two countries, and offers our whole-hearted co-operation.

He said: Honourable senators, I personally welcome the recent statement by the Prime Minister supporting the idea of joint legislative committees composed of legislators of Canada and the United States. I have no knowledge or information as to what particular form such joint committees might take, but the details are not particularly important and can be easily worked out. In case, however, the inspiration for the Prime Minister's remarks came from suggestions of two United States legislators who recently visited Canada, I think attention should be drawn to the fact that several years ago the Senate of Canada was directly and indirectly associated with the first attempt made in this direction. I would hope, therefore, that the Senate itself would welcome the Prime Minister's suggestion and pledge its continued co-operation.

This is but another instance of "What the Senate thinks today, others think tomorrow."

I am bound to say, though, that sometimes it may be "the day after tomorrow".

Honourable senators, Canada has always been conspicuously laggard in providing facilities for her legislators to come in contact with legislators of other countries. The one outstanding exception has been our participation as a member of the Commonwealth Parliamentary Association. This association, which has been of tremendous benefit to all concerned, meets every two years. Canada's delegation generally consists of seven members, six from the House of Commons and one or two from the Senate. Last year the association met in the Far East, and our distinguished Government Leader (Hon. Mr. Aseltine) was the Canadian delegate. Two years prior to that the meeting was held in Africa, and the honourable senator from Medicine Hat (Hon. Mr. Gershaw) was our delegate.

About every ten years it is the turn of each member country to act as host. Four or five years ago Canada was the host country and the deliberations took place in this very chamber. Except for taking part in the activities of the Commonwealth Parliamentary Association, Canadian legislators do not have the same opportunities as do legislators from the United States, the United Kingdom and other European countries to meet with parliamentarians from other countries. For example, Canada is not a member of the Inter-Parliamentary Union, although she has frequently been invited to join it, and I know that when I was Speaker of the Senate this country was invited to send observers to meetings of the Union. I understand that at the present time the Speakers of both Houses of Parliament hold invitations to the meeting of this organization which is to take place in Rio de Janeiro this year.

From time to time Canada has also been invited to send observers to the Council of Europe. As I have said, we are not members of the Inter-Parliamentary Union; also we are not members of the Pan-American Union. On the other hand, the United States is an active member of both groups, and while she is not a member of the Commonwealth Parliamentary Association she has been invited to send observers to its meetings and has done so regularly. I was appointed to the Senate in 1943 and the first time I heard the Right Honourable Mr. St. Laurent speak was at a luncheon given in Room 16 of the Parliament Buildings for seven distinguished American legislators who had been observers to the Commonwealth Parliamentary Association meeting in Bermuda and who had come to Ottawa on their way to Washington. I recall that the late Senator Connolly and Congressman Saul Bloom were among the American delegation. They all expressed the value of associating with legislators of the commonwealth.

The United Kingdom takes a leading part in the activities of the Commonwealth Parliamentary Association. In addition she is directly connected with such organizations as the Council of Europe, the Western European Union, and the Inter-Parliamentary Union. Distances are shorter in Europe, of course, but over the years it has been my experience that the legislators of those countries have had far greater facilities than Canadian legislators have had to meet on a personal basis and acquire viewpoints of legislators of other countries.

Some years ago a group of Canadian parliamentarians, representing both houses and all political parties, feeling that something should be done about this matter, established an informal committee under the joint chairmanship of the honourable senator from De Salaberry (Hon. Mr. Gouin), who at that time was Chairman of the Senate Standing Committee on External Relations, and Mr. Bradette, now the honourable senator from Cochrane, who was chairman of the External Affairs Committee of the other house. This parliamentary committee was particularly interested in its own relationship with members of the United States Congress, and after considerable negotiation an invitation was extended to members of that body, who eventually visited Ottawa in May 1952. We were a little disappointed in the numbers that came, but, after all, they have tremendous obligations there. Their delegates spent two days here and were busily engaged in meetings held in one of our committee rooms, where they discussed and expressed their own viewpoints on matters of common interest to our two countries.

As a result of that, or coincident with it, as the honourable senior senator from Winnipeg (Hon. Mr. Haig) will recall, one member from the United States Senate and one from the House of Representatives were invited to take a seat on the floor of this house, where they were officially welcomed. Both gentlemen spoke here: the late Senator Gillette on behalf of the Senate, and Congressman Johnson, a Californian Republican, on behalf of the lower house. They were enthusiastic about their visit here and went back with the idea that in due course an invitation would be forthcoming to Canadian legislators to visit Washington and co-operate in establishing a permanent organization. Some suggestion was made as to dates for a visit, which apparently were not acceptable to us; then enthusiasm gradually waned, and for some reason or another the visit did not take place. A little

later, on the occasion of the first visit of President Eisenhower to Canada, when it became my privilege to thank him on behalf of the Senate of Canada, I referred to what I felt was the great value in an exchange of visits by members of the executive of the two countries, and I pointed out the conspicuous lack of an exchange of visits by legislators. I recall that afterwards when we met in the quarters of the Speaker of the House of Commons the President immediately took it up, and said, "I heartily agree with this, and what can I do about it?" I replied, "It is a matter of giving it your blessing, and then it comes down to the details." He called his secretary over and said, "Make a note of it, and make sure it is done." However, the President has tremendous responsibilities, and apparently there are only 24 hours in the day in Washington, as elsewhere, and it was never done.

Then the committee, reinforced by some others, decided to approach the matter in an indirect fashion. We undertook to initiate a Canadian NATO Parliamentary Association, thinking that would bring ourselves in and broaden the base in connection with legislators of the other NATO countries, which of course included the United States. We had the idea that after that was once established a sort of subcommittee would be set up to bring Canadian and American legislators closely together. In 1955, or prior to that, the Canadian NATO Parliamentary Association extended invitations to the Speakers of the respective Parliaments and to every one of the 15 NATO countries. That succeeded beyond the expectations of the most optimistic. We expected perhaps 100 delegates might arrive in Paris, but there were 200, representing 15 different countries. At that time, although in our enthusiasm we had taken the lead in interesting the other countries and had found a very agreeable degree of acceptance to the idea, it was recognized that there were some very practical problems to be faced as to how we were to get to Paris, because distances were great and there were no funds in the treasury for the purpose. However, we prevailed upon the Government to arrange a trip to take the legislators to see our defence forces in Europe, and were able to synchronize that trip with the time of the meeting with the legislators in Paris. That arrangement having been made, 20 legislators from Canada, representing all parties and including among them the present Prime Minister, went to Paris. This was not done without some criticism, both outside of Parliament and within. At this moment I wish to pay a tribute to those who initiated this program. I had the pleasure and honour to be head of the delegation, and when I was chosen as first president of the association I had the great honour and privilege of nominating Mr. Diefenbaker to speak for Canada on that occasion. Perhaps unconsciously it was a case of coming events casting their shadows before them.

I want to say another word in appreciation of that committee which originally invited the American legislators here, and of those who visited Paris at that time. In the first place, all the expenses in connection with the invitation, the entertainment of the guests here at the hotel, and everything else, were defrayed out of the pockets of the members of the committee, by "passing the hat." The Government provided an aeroplane to take the legislators to Paris, but every one of the legislators, including the present Prime Minister, paid his own living expenses in Paris—and they were the only representatives of any of the 15 countries who did so. I say that to the everlasting credit of those who pioneered the idea of the legislators meeting together, which I think is a sound principle.

Honourable senators, coming now to the specific proposal of the Prime Minister, I have no hesitation in supporting it. I say that with some experience of legislators meeting together. I have never been present at a Commonwealth Parliamentary Association, but I had considerable experience in inducing Americans to be interested in the NATO Parliamentary Association, and in the events leading up to the formation of the first meeting which took place in Paris. Of course, I realize and appreciate that under our system of government the primary responsibility for policy rests upon the executive, and the administrative branch of government has the responsibility of putting government policies into effect. But there is a curious defect in the parliamentary set-up when the legislators are left without any opportunity to hear particular views or ideas in regard to external relations, except through whatever medium the Government wishes to use. I was a cabinet minister for eight years, and I say without hesitation that there is no aureole or halo around the head of any cabinet minister; he is just a human being, like the rest of us, having duties to perform.

Ordinarily, a representative of the Government goes to a country and is in contact with the Government of that country alone. The great advantage of legislators of all parties meeting with legislators of different political views is that they have an opportunity of hearing conflicting viewpoints. I think that is of inestimable advantage, and in my contacts with legislators of the United States, the United Kingdom and continental

countries I found they had a far wider appreciation of the public thought and viewpoint and the currents of public opinion than would have been possible otherwise. I say unhesitatingly that the principle of this is good, and I think that nowhere could it be of greater advantage than between Canada and the United States. I say so particularly because of the form of government which the United States has. As honourable senators know, a government of this country must have a majority in the House of Commons or it is no longer the government. Quite the contrary situation exists in the United States. I believe that there has been a series of governments in the United States very well disposed towards Canada and her interests, but the body which determines whether its policies are to be put into effect is the Congress.

For some curious reason, over the years there has been a tremendous gulf between the legislators of the two countries. The executive of each Government, its administrators, business interests, tourists and citizens generally travel in large numbers between Canada and the United States, and yet a personal relationship between the legislators of the two countries has been conspicuous by it absence. I never was able to give any adequate explanation of why this is so. Of course in recent years members of the American Congress have travelled in large numbers to various parts of the world where they viewed or inspected the results of the various large expenditures which the United States has made there. One of the reasons for not including Canada in their travels was that, as honourable senators know, this was the only country in the world that was not receiving any financial assistance from the United States. The defence expenditures in the far north were perhaps something to the contrary, but they are not in the same category.

Because there is this conspicuous gulf of which I speak between the legislators of the two countries I am glad to have the present Prime Minister throw the weight of his great personal influence and his high position behind the idea of a better relationship. It is difficult to get such a relationship established on a permanent and continuing basis without the initial support and backing of the Government, although it is not a matter for the Government particularly. It is something not that it can direct, but only that it can make possible and feasible.

The first reaction to the proposal for an improved relationship is that great advantage will accrue from having United States legislators know more about Canada, but I suggest to honourable senators that it is not entirely one-sided. I think we in Canada can learn a lot more than any of us realize through being in personal contact with them. On the few occasions when I have been in Washington I have been treated with the greatest courtesy and invariably invited to take a seat on the floor of the Senate, as have other Canadian senators. In my personal contacts with our American confrères I appreciated more and more what a tremendous country they have, what a great people they are, what outstanding leadership they have given the world, what heavy responsibilities they bear, and what numerous and difficult problems they face; and I never came back from a visit with their legislators without a strong feeling of confidence as to how fortunate we are to be living next door to such a country and such a people.

Occasionally I have heard of some honourable colleagues referring critically to the NORAD agreement and the possible part it may play in the defence of this country, but I think that before going to sleep at night every Canadian should realize and appreciate the tremendous advantage it is to have such a great power so close to our borders ready to come to our assistance if and when the occasion ever arises.

Commercially, and in every way one can possibly think of, we cannot know too much about our neighbours. In the past some very unfortunate anti-American campaigns have been carried on, but a lot of what is said on such occasions does not mean very much, largely because when we criticize the Americans we are really criticizing ourselves, for they are as much like us as they can possibly be. If you were to go to Washington and argue with them about the imbalance of trade between Canada and the United States they would say, "Yes, but that is not the only place where an imbalance exists; you are selling a lot more to the United Kingdom and the Western European continent than you buy from them." Trade flows in different directions in that respect. I cannot think of any Canadian legislator going to Washington on a regularly arranged trip, meeting the legislators there and getting their viewpoint, without benefiting a great deal; and on the other hand, I am prepared to say that I think it would be of tremendous advantage to the American legislators themselves.

I remember very well that after a two-day discussion in a committee here at which various questions were discussed, Senator Gillette and Congressman Johnson came to my office in the corner of the building where the present Leader of the Government (Hon. Mr. Aseltine) has his office now. I can see them sitting there: they both had been in Congress for upwards of 20 years, and each

was kindly disposed toward Canada. But they told me they had learned more about Canada in the two days they were in that committee room than in the whole period of their congressional experience, and they hoped it would become a practice for United States legislators to visit this country.

I remember one other instance. After the American legislators returned to Washington there was some little difficulty in getting a return invitation. They had suggested one or two dates which, for some reason or other, did not seem to be acceptable; and at one time the committee asked me if at any time I was in the United States I would approach someone in authority and try to get something started along that line. It was a little difficult for me to go to any person other than one who might be regarded as my opposite number in the United States. At that time I was the Government Leader in the Senate and the closest to my opposite number under their system of government was Senator Taft, the majority leader in the United States Senate during the first Eisenhower administration. As honourable senators well know, he was a very influential man.

I wrote to Senator Taft and asked for an appointment with him and he replied that he would be very glad to see me. Some time after that, during an adjournment of our Senate, I went to Washington to keep my appointment with him—I think it was at half-past four of an afternoon. I had never met the gentleman before and I was a little terrified; I thought he was a very austere type of man. I went to his office, and he simply said, "What can I do for you?" I proceeded to tell him what the committee had in mind, what its hopes and aspirations were, and what we would like to see done. The explanation and discussion took about ten minutes, during which time he listened with his eyes fastened on me, without making a single comment or facial expression to indicate whether he was approving or disapproving. Suddenly he turned around slightly in his chair and said, "You fellows don't know how right you are." He added, "Let me give you my own personal experience: my father took me to Murray Bay when I was three years old and I have been going there every summer since for sixty years". As honourable senators know, the late President Taft had a summer place at Murray Bay and he went there over a period of many years. The senator added, "I think once or twice I have met some Canadian legislators, but I am ashamed to say that I have never been in Ottawa in my life." He said further, "You have been working with Senator Saltonstall and these others; go out and arrange the details, and I am behind you 100 per cent."

Unfortunately, Senator Taft died a year or two afterwards, but his foresight laid the foundation for the proposals which the Prime Minister is supporting and there is his great personal and social influence behind it.

If this house feels as I hope it does it will welcome the suggestion of the Prime Minister, express the opinion that we believe the establishment of joint parliamentary committees would improve relations between our two countries, and pledge wholehearted support of it.

Hon. Mr. Aseltine: Honourable senators, if no other honourable senators wish to speak at this time, I beg leave to adjourn the debate.

On motion of Hon. Mr. Aseltine, debate adjourned.

PRIVATE BILL

CANADIAN WOMEN'S PRESS CLUB—SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill S-8, to incorporate Canadian Women's Press Club.

He said: Honourable senators, having come to the bottom of the Order Paper on the last sitting day of the week, it is hardly a propitious time to attempt to address this honourable body. But I assure my honourable friends that what I have to say will be reduced to as few words as I can possibly employ appropriately to sponsor second reading of this bill.

Hon. Mr. Macdonald: We want to hear you.

Hon. Mr. Lambert: I should like to emphasize that this bill, if enacted, will represent a rather unique and historic piece of legislation. So far as I know, or have been able to ascertain, no other group of working writers in the Canadian newspaper and journalistic field has sought to incorporate itself into a national organization or association.

Many local press clubs exist as voluntary associations or organizations in the larger cities in Canada, where both men and women writers are established on the staffs of newspapers and journals having wide circulation in the country. For example, the Toronto Press Club, of which I was a member some 50 years ago, has been in existence for a very long time. Similar clubs in Montreal, in Maritime centres, Winnipeg, Vancouver and in intervening cities of the Middle West, have also been active for many years.

Apart from the Parliamentary Press Gallery, which is an institution by itself, there is also the Ottawa Press Club, embracing members of the craft from other parts of the country as well as those connected with publications in this city. It has remained, however, for the women members of the press in Canada

to identify themselves for over half a century as a national organization known as the Canadian Women's Press Club. That voluntary, unincorporated association has been in existence for 54 years, and it is now felt that the time has come to secure incorporation, which is proposed in this bill.

No extraordinary powers are sought. The club does not engage in any commercial enterprise, and no powers are sought in that direction. Under section 6 of the bill new powers are provided for the purpose of acquiring and holding property which might be devoted to the executive functions of the association, but no active commercial enterprise is involved.

I should point out here the Canadian Press Association, with its Daily and Weekly sections, representing the ownership of the principal publications throughout the country, has long had its corporate existence: and one assumes that the petitioners cited in this bill will have had no difficulty with their influential and powerful bosses in connection with the proposed use of the word "association" in place of the amended word "club".

At any rate I can assure honourable senators that it is a pleasure and a privilege for me to sponsor this bill, but I do so with some diffidence, under the scrutiny of my good friend and colleague the senator from Victoria (Hon. Mrs. Hodges), who has been a distinguished journalist and member of the Canadian Women's Press Club for many years. She is better qualified than I am to do full justice to this bill, and unfortunately she is unavoidably absent today.

My only possible apology for presenting this bill may rest in the fact that the pioneer founder of the Canadian Women's Press Club some 54 years ago was a man. That distinguished gentleman was the late George Ham, assistant to the late Lord Shaughnessy of the Canadian Pacific Railway Company, and known throughout Canada and the United States as one of the greatest performers in the art of public relations that this country has produced. The name of George Ham will be remembered now by only a comparative few survivors of his generation, and I am glad of the opportunity to revive his memory. He himself was a veteran newspaperman; and all his life, even during the years of his association with Lord Shaughnessy and the C.P.R., he continued to be one of the craft. He had a remarkable background in history. He was born in Trenton, Ontario—or Canada West, as that section was then known—in 1846. His father was a doctor who turned lawyer and moved to Kingston to join a firm bearing the name of John A. Macdonald. George Ham received his early education at the grammar school in Whitby, and as early as 1865 went to work on the paper there known as the Whitby *Chronicle*. He later went to Winnipeg and in 1875 he joined the staff of the Winnipeg *Free Press*, then under the editorship of Mr. Luxton, whose name I am sure is well known to the honourable senior senator from Winnipeg (Hon. Mr. Haig). In 1879 Mr. Ham left the *Free Press* staff and founded the Winnipeg *Tribune*. During the Riel Rebellion of 1885 he sent a series of famous dispatches to the Toronto *Mail* which brought him much favourable attention, and I think possibly as a result of that he accepted an appointment by the C.P.R. in 1891 as advertising manager for that company. Later he became assistant to the president, Lord Shaughnessy, in charge of public relations for the C.P.R.

I have taken time to mention something of Mr. Ham for the particular reason that it was on his private car, *en route* home in the summer of 1904 from writing assignments at the World's Fair in St. Louis, Missouri, that a group of pioneer Canadian women journalists adopted his suggestion to form the Canadian Women's Press Club. The first president was a lady named Kathleen Blake Coleman, who was known to readers of the *Mail and Empire* in Toronto for many years under the pen name "Kit". George Ham was elected an honourary member of that club and was the only man ever admitted to membership. When he passed away, in 1926, the club erected a bronze tablet in the Windsor Station in Montreal as a tribute to his friendship and counsel during 22 years.

The club's second general meeting took place in Winnipeg in June 1906, when its formal organization was established. Mrs. Coleman, the first president, was succeeded by a Winnipeg woman of some note as a writer, Kate Simpson Hayes, and in the following years that office was held by these rather distinguished women whose names became well-known throughout the country: Robertine Barry, Ethel Lindsay Osborne, Marjory MacMurchy—later Lady Willison—Judge Emily Murphy, known to Canadian readers as "Janey Canuck", Lucy Swanton Doyle, Kenneth Haig, sister of our respected senior colleague from Winnipeg, Mae Stuart Clendenan, Margaret Ellis Lawrence, Elizabeth Bailey Price, Isabel C. Armstrong, Rosa L. Shaw, Dora Dibney, Wilma Tait, Winnifred Stokes, Rita Willard Meyers, Marjorie S. Oliver, Dorothy L. Taylor, daughter of the late Senator J. D. Taylor of British Columbia and now Madeleine Levason, whose name appears in this bill.

Many other names of distinction could be associated with this list of presidents as outstanding members of their profession whose

services have been recognized throughout all Canada. I have referred to our colleague Senator Nancy Hodges. With her name I would also associate that of the late E. Cora Hind of the Winnipeg *Free Press*. Miss Emily Boswell of the Winnipeg *Tribune*, Miss MacLennan and Mrs. W. M. Davidson of Calgary, Maude McKinney of Edmonton, Madge Merton, later the wife of the late J. E. Atkinson, owner and publisher of the Toronto *Daily Star*, Miss Madge MacBeth, now living in Ottawa, Miss Betty Thornley, Miss Eleanor Sanderson, Mrs. Mona Cleaver Purser, Mrs. Forsythe Grant and Miss Jean Graham of Toronto are additional names which may be worthily associated with the membership of this organization, and one apologizes for overlooking others which might appropriately be recorded here.

Since the first group of 14 members was organized in 1904 the club has grown to a membership of over 600, with 15 branches from coast to coast. Its national executive committee consists of 15 officers, including eight regional directors. Those seeking membership must be sponsored by two members in good standing, and each active member must annually submit proof of her continuing eligibility. The club revises its constitution to keep pace with changing times. It now admits women press photographers, and writers in such fields as radio, TV, screen, information, publicity and public relations.

The club was received in membership in the Commonwealth Press Union in 1930, and is informally but actively allied with women's press clubs in the United Kingdom and the United States. Since 1913 it has maintained a Beneficiary Fund to assist members in temporarily straitened circumstances. In 1935 it set up its now nationally recognized annual Members' Memorial Awards. These, for which any woman writer resident in Canada may compete, consist of metals and cash awards. Several branches also offer annual scholarships or cash awards to women showing special aptitude in the writing profession at local universities.

The clubs objects, as set forth in section 2 of the bill, continue to be: to encourage women in these professions; to promote and protect its members' interests and improve their status; to promote knowledge and love of their country and a higher standard of excellence in their profession, and to foster good will between members and women similarly engaged in other lands.

I am sure, honourable senators that enough has been said, even in this rather sketchy manner, to give the house some idea of the scope of the Canadian Women's Press Club.

In conclusion, I think it may be fairly stated that the contribution to the national well-being of Canada which has been made and continues to be made by the women of the press is another evidence of the stability of character and the loyalty of service which have characterized the growing position of women in so many other responsible activities in our country's affairs. If the Senate is disposed to give second reading to this bill and desires to be enlightened further about its provisions I shall be pleased to move that it be referred to our Standing Committee on Miscellaneous and Private Bills, where officials of the Canadian Women's Press Club and their legal representative will be present to answer questions and supply any information that may be desired.

Honourable senators, I have great pleasure in moving second reading of the bill.

Hon. Arthur W. Roebuck: Honourable senators, I cannot add anything to what the honourable senior senator from Ottawa (Hon. M. Lambert) has just said, but I wish to compliment him on his able and interesting address.

I feel impelled to say a word of encouragement to the organizers of the Canadian Women's Press Club and those who are now in charge of its affairs, and to wish them all possible success in the future.

The honourable gentleman mentioned the Toronto Press Club. It may not be very pertinent, but I happen to be a charter member of that club, and I have as one of my treasures a membership card—I think it is dated in 1902—signed by C. H. J. Snider, as secretary, who later, as some possibly know, was a trustee under the will of the late John Ross Robertson, founder of the Toronto *Telegram*. For many years Mr. Snider was one on the publishers of the *Telegram*, under whose charge it prospered. A large sum of money was donated to the Sick Children's Hospital as a result of John Ross Robertson's work and of work that was carried on by his trustees after his death.

As I have said, I can add nothing to what the honourable senior senator from Ottawa has said, and nothing is needed to be added. I am grateful for the kindness of my fellow senators in allowing me to voice these words of encouragement and approval of the bill, and my compliments to the senator who is sponsoring it, as well as my best wishes to the club for the future.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lambert, bill referred to Standing Committee on Miscellaneous and Private Bills.

The Senate adjourned until Tuesday, July 8, at 8 p.m.

THE SENATE

Tuesday, July 8, 1958

The Senate met at 8 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

TRUST COMPANIES BILL

FIRST READING

Hon. W. M. Aseltine presented Bill S-11, to amend the Trust Companies Act.

Bill read first time.

Hon. Mr. Roebuck: Will the honourable senator give a short explanation of the bill?

Hon. William R. Brunt: Honourable senators, this bill is introduced for the purpose of tidying up certain legislation as it exists today with respect to trust companies. It contains two important parts.

The bill proposes that trust companies be allowed to amortize their bonds. This right which at present is enjoyed by banks, insurance companies and mortgage companies will, by this bill, be extended to trust companies. Secondly, at present trust companies may loan up to ten times their capital stock and reserve fund. The bill proposes that these companies now be allowed to increase their loans to 12½ times their capital stock and reserve fund.

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

Hon. Mr. Aseltine: Thursday next.

LOAN COMPANIES BILL

FIRST READING

Hon. Mr. Aseltine presented Bill S-10, to amend the Loan Companies Act.

Bill read first time.

He said: Honourable senators, this is a bill from the department for the purpose of tidying up and straightening out certain matters. The explanatory note at the right-hand side of the bill contains a full explanation. It is proposed to have the bill printed and copies distributed so that honourable senators will have plenty of time to look into the different amendments before the bill is read the second time.

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

Hon. Mr. Aseltine: Thursday next.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I beg to lay on the table two reports:

Report of National Librarian for the fiscal year ended March 31, 1958, pursuant to Section 13 of the National Library Act, Chap. 330 RS.

Report on the Vocational Training Co-ordination Act for the fiscal year ended March 31, 1958, pursuant to Section 11 of the said Act, Chapter 45, Statutes of 1953-54.

PRESENTATION OF BILLS

PROCEDURE

Hon. Arthur W. Roebuck: Honourable senators, there seems to be some confusion as to the order of routine proceedings under which we present bills. In the past we presented them under notices of motions. I observe that now, and on a number of other occasions recently, honourable senators are presenting them under the calling of Presentation of Petitions. If that is the proper procedure—

Some Hon. Senators: No.

Hon. Mr. Macdonald: May I ask what order of business we are under?

The Hon. the Acting Speaker: We are proceeding under Presentation of Petitions now.

Hon. John J. Connolly (Ottawa West): Honourable senators, in view of what the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, it might be just as well to clear the matter up now. I believe it can be cleared up by reference to the *Forms of Proceeding* of the Senate of Canada. Paragraph 64, on page 32, reads:

A senator may bring in a bill after the reading of petitions, or later if there be no question before the Chair; but a private bill can only be brought in after the petition therefor has been favourably reported upon by the Committee on Standing Orders.

So I think the custom is to bring in a bill under Motions or Notices of Motions, as has been suggested by the honourable senator from Toronto-Trinity.

Hon. Mr. Roebuck: That is what I have been doing and that is what I shall continue to do.

Hon. Mr. Macdonald: Apparently there are no petitions to be presented, so I would suggest that the second order of business be called.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 159 to 194, and moved that the said reports be taken into consideration at the next sitting.

He said: Honourable senators, included in this list is report 170, which reads as follows:

1. With respect to the petition of Marie Blanche Waters Liberti, of the city of Hull, in the province of Quebec, for an Act to dissolve her marriage with Francisco Liberti.

2. Application having been made for leave to withdraw the petition the committee recommend that leave be granted accordingly, and that the Parliamentary fees paid under Rule 140 be refunded to the petitioner less the sum of $25 to apply on costs.

When matters of importance with respect to finances are reported on, I usually call it to the attention of the house.

Motion agreed to.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-124, for the relief of Annie Allish Watson.

Bill SD-125, for the relief of John Spence Brown.

Bill SD-126, for the relief of Verne Alfred Freeman.

Bill SD-127, for the relief of Davina Betsy Snow Campbell.

Bill SD-128, for the relief of Jack Spinner.

Bill SD-129, for the relief of Kaljo Klasman.

Bill SD-130, for the relief of Claude Hector Proulx.

Bill SD-131, for the relief of Mary Florence McLelland Pringle.

Bill SD-132, for the relief of Robert Maurice Sherwood.

Bill SD-133, for the relief of Margaret Jeanette Young Warmington.

Bill SD-134, for the relief of Mary Isabella Cross Davidson.

Bill SD-135, for the relief of Rita Firestone Flax.

Bill SD-136, for the relief of Dorothy June Pearce Tribble.

Bill SD-137, for the relief of Anne Rottermund David.

Bill SD-138, for the relief of Gordon Edwin Limbrick.

Bill SD-139, for the relief of Helen Paperno Bogatin.

Bill SD-140, for the relief of Joseph Victor Cyril Goyer.

Bill SD-141, for the relief of Henry Joseph Haggett.

Bill SD-142, for the relief of Ethel Roe Emond.

Bill SD-143, for the relief of Frederick Wilson Abbott.

Bill SD-144, for the relief of Gilda Rosen Silverman.

Bill SD-145, for the relief of John Luczko.

Bill SD-146, for the relief of Anita Fischer Staub.

Bill SD-147, for the relief of Margaret Irene Dawe Mays.

Bill SD-148, for the relief of Janine Lafontaine Frost.

Bill SD-149, for the relief of Lydia Feodorovna Ovchinnikova Lipsman.

Bill SD-150, for the relief of Donald Malcolm Gangin.

Bill SD-151, for the relief of Marie Louise Plourde Auld Emard.

Bill SD-152, for the relief of Ralph Murrin.

Bill SD-153, for the relief of Bruno Giovanni Albertini.

Bill read first time.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

PRIVATE BILLS

ALGOMA CENTRAL AND HUDSON BAY RAILWAY COMPANY—FIRST READING

Hon. John J. Connolly (Ottawa West) presented Bill S-13, respecting the Algoma Central and Hudson Bay Railway Company.

Bill read first time.

Hon. Mr. Croll: Would the honourable gentleman explain the bill?

Hon. Mr. Connolly: This is a private measure to increase the capitalization of the company and to make certain adjustments in connection with the company's bond issue. A thorough explanation will be given on second reading.

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

Hon. Mr. Connolly (Ottawa West): Thursday next.

OGDENSBURG BRIDGE AUTHORITY—FIRST READING

Hon. Mr. Connolly (Ottawa West) presented Bill S-12, respecting Ogdensburg Bridge Authority.

Bill read first time.

Hon. Mr. Roebuck: Will the honourable senator give a short explanation?

Hon. Mr. Connolly (Ottawa West): Honourable senators, I understand that the original act of incorporation of the Ogdensburg Bridge

Authority permitted the company to issue bonds to the extent of $20 million. The expected cost of the bridge has been found to be in excess of $20 million but not in excess of $25 million, and authority is sought from Parliament to increase the permitted bond issue to the extent of $25 million.

Hon. Mr. Lambert: Was this company not incorporated some time ago?

Hon. Mr. Connolly (Ottawa West): It was incorporated some years back but I have not the exact date. This project is one of long standing.

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

Hon. Mr. Connolly (Ottawa West): Thursday next.

CATHOLIC EPISCOPAL CORPORATION OF TIMISKAMING—THIRD READING

Hon. Paul H. Bouffard moved the third reading of Bill S-5, respecting the Catholic Episcopal Corporation of Timiskaming.

Motion agreed to and bill read third time and passed.

CANADA-UNITED STATES RELATIONS

MOTION TO APPROVE SUGGESTED ESTABLISHMENT OF JOINT PARLIAMENTARY COMMITTEES—DEBATE CONTINUED

The Senate resumed from Thursday, July 3, the adjourned debate on the motion of Hon. Mr. Robertson:

That the Senate of Canada welcomes the recent suggestion of the Prime Minister of Canada for the establishment of joint parliamentary committees between Canada and the United States of America, believes it can be of great benefit in improving relations between the two countries, and offers our wholehearted cooperation.

Hon. W. M. Aseltine: Honourable senators, I wish to congratulate the honourable senator from Shelburne (Hon. Mr. Robertson) upon bringing forward this motion. I think that at this time, when relations between Canada and the United States of America are so important, a motion of this kind is very opportune, and I welcome the opportunity honourable senators of saying a few words in support of it.

The motion of the honourable senator from Shelburne was inspired by a statement made by our Prime Minister in the course of a speech delivered at Wesleyan College, Middletown, Connecticut, on June 8, 1958. I thought it would be interesting if I looked up that speech and gave honourable senators the exact words that were used on that occasion. The Prime Minister is reported to have said as follows:

One of the most encouraging signs of a desire to bring about the dissolution of potential difficulties between our countries was that taken by the House of Representatives Committee on Foreign Affairs in issuing a special report on May 5, last on Canadian-American relations which was prepared by Congressmen Brooks Hays of Arkansas and Frank N. Coffin of Maine.

Then after dealing with some of these difficulties which were referred to, the Prime Minister concluded his remarks as follows:

To meet the problem of the relations of our nations the Hayes-Coffin Report suggested a Congressional Committee on Canadian Relations. I am sure that the Parliament of Canada would give fullest consideration to the setting up of a similar committee of Canadian parliamentarians who in periodic visits to our respective capitals would do much to achieve suggested solutions to recurring problems. The benefits that would flow from such joint meetings were very apparent in 1942 when at a parliamentary conference, at which I had the honour to preside, members of Congress of the United States met in conference for the first time with Canadian and Commonwealth members of Parliament.

Then, honourable senators, a few days ago we all heard the Prime Minister answering questions on a television program. In answer to questions he reiterated what he had stated at Middletown, Connecticut, namely, that in his opinion meetings of Canadian parliamentarians with members of the United States Congress would be most beneficial, and further that meetings of the Canadian cabinet with members of the United States cabinet should also be increased.

Hon. Mr. Roebuck: May I ask the honourable senator a question? When the Prime Minister speaks of members of Parliament I presume he means both of the Commons and the Senate.

Hon. Mr. Aseltine: I think so, definitely. I have here a report of remarks made by the Prime Minister on television but I do not propose to read them. His remarks on television were pretty well a repetition of what he said at Middletown when he addressed the college there.

At this point, while it may have no direct reference to the motion before us, I would like to recommend to honourable senators the reading of a speech made recently by the Honourable Sidney Smith, Secretary of State for External Affairs, at the International Kiwanis Conference in Chicago. The title of his speech was "The Friendly Fence". I thought it such a good speech that I read it from the beginning to end. The Secretary of State for External Affairs disposed of questions such as oil, zinc, lead, the marketing of wheat and that kind of thing in a sentence or two, and devoted the greater part of his address to the long, imaginary fence which extends thousands of miles along the boundary between Canada and the United States.

Speeches such as this, I feel, do a great deal of good. Just how joint committees could be set up to accomplish what we have in mind, I am not sure. True, we have had some experience in that regard: committees were set up under the NATO Parliamentary Association, the Commonwealth Parliamentary Association, and some other bodies mentioned by the honourable senator from Shelburne. Although there may be some difficulty in establishing these committees I feel sure that the necessary machinery can be put to work without too much trouble.

The honourable senator from Shelburne told us something about the NATO Parliamentary Association. I recall when in 1955 he, then the honourable Speaker of this chamber, called me into his office and we discussed this subject at considerable length. The honourable Speaker, as he then was, told me that up to that time NATO had been dealing principally with military matters, but he felt the time had come when something should be done under Part II of the NATO Agreement, having to do with the economic relationships between NATO countries. He had talks with other senators and with some members of the House of Commons, which resulted in the formation in this country of the Canadian NATO Parliamentary Association.

When that association was established the honourable senator from Shelburne took great pains to arrange for a subsequent meeting of representatives of the 15 NATO countries in Paris. He went to England, interviewed important parliamentarians there and convinced them that this was an important step. Later on it was my good fortune to be one of the delegates to attend that conference in Paris, along with some 20 other Canadian Parliamentarians.

Hon. Mr. Roebuck: Did not the senator from Shelburne become president of that association?

Hon. Mr. Aseltine: I am just coming to that part of my story.

When the meeting assembled in Paris the honourable senator from Shelburne was elected president of the association. He conducted himself so well and made such a fine presentation in his initial speech that I was prompted to go to him and congratulate him on the fine effort he had made and to tell him how proud we as delegates were of his performance. I may add that I later told his wife of our feelings in this respect, and she, of course, was quite pleased.

The NATO Parliamentary Association has been meeting yearly ever since. As I said, it met first in 1955; it met again in 1956 and in 1957. Although the assembled NATO nations did not agree to form individual NATO Parliamentary Associations, still I believe a lot of good came from the meetings that were held. The representatives of the various countries gained much by sitting around a big table and talking over their difficulties. A delegate could attach a headpiece which would bring him a simultaneous translation in French or in English of speeches being made.

Honourable senators, I regard the work of this association as an advanced step. If something could be done with respect to the setting up of joint committees between Canada and the United States along the same lines on which this association is set up, I am sure it would tend to solve many of the difficulties that arise between our two countries.

That completes my remarks on the NATO Parliamentary Association, but I should like to say a few words at this time about the Commonwealth Parliamentary Association and the benefits derived from the meeting of Parliamentarians from the commonwealth countries every two years.

As honourable senators know, I was a member of the Canadian delegation which went to India last November, and with the leave of the house I propose to say something about that trip, this being my first opportunity to do so since my return.

The meeting was to be held in New Delhi in December, and the delegates left Canada on November 7. The plan was that we were to go by way of London, England, where we were to meet delegates from other commonwealth countries who had assembled there, and proceed with them on to Pakistan, where we were to spend a week or more visiting with governors, parliamentarians and businessmen, and discussing problems of all kinds with officials and the man on the street. When we had made a tour of Pakistan we were to go on to Ceylon and spend a similar week there; then return to India for a week or ten days before going on to the conference at New Delhi.

I thought the Canadian delegation was rather a good one. It was composed of six members from the House of Commons: two Conservatives, two Liberals, one from the Social Credit party and one from the C.C.F. party, and I represented the Senate—that is, seven members of Parliament—and a representative from the Legislature of British Columbia, as well as the Speakers of the Legislative Assemblies of Saskatchewan, Ontario and Newfoundland, and the Attorney-General for the province of Nova Scotia. This made a total of 11 delegates in all.

Hon. Mr. Reid: Who was the delegate from the British Columbia Legislature?

Hon. Mr. Aseltine: Mr. Tom Bate. I presume my honourable friend from New Westminster (Hon. Mr. Reid) is acquainted with him. We found Mr. Bate to be a very presentable young man who was of great assistance to us in meeting other Commonwealth parliamentarians and citizens of the various countries we visited. We also had a secretary. Mr. George Doucett, member of Parliament for Lanark, was the leader of our delegation. I must say he was most acceptable to everyone and he did an excellent job in keeping our delegates in order and seeing to it that they carried out the duties they were supposed to perform.

Honourable senators, as I have already said we left Canada on November 7. We arrived in London, England, the following day, and at the airport there we met a great many parliamentarians from the United Kingdom. We had a conference with them that lasted for several hours that same day, and we met with them again the next day because our aircraft to Karachi was a little late in departing. During this interval we met the delegates from Trinidad, Jamaica, the Bahamas, and other commonwealth countries in the Caribbean, and became well acquainted with them before we left for Karachi.

We proceeded from London by way of Rome and Baghdad. We were fortunate enough to pass over a great part of the Middle East on a perfect, sunny day, with the result that we saw everything from the eastern end of the Mediterranean Sea right through the Syrian Desert, the source of the Tigris and Euphrates Rivers, to the Persian Gulf, and on to Karachi, the capital of Pakistan.

As honourable senators are aware, Pakistan is a Moslem state which was formerly a part of the Indian Empire. I think that is the way I should describe it. We found they had a big problem in that country. There is West Pakistan and East Pakistan, which are a thousand miles apart. The total population is approximately 80 million, with 35 million living in West Pakistan and the remainder in East Pakistan. While they have no monsoons in West Pakistan, there is an annual rain fall of 110 inches in East Pakistan. As West Pakistan is very dry it has to resort to irrigation schemes so as to preserve and store up every drop of rain water.

Ten years ago the capital of Pakistan, the comparatively new city of Karachi, was a small place of a few thousand people. On our visit we found it a thriving centre of 2 million. They have a big refugee problem there, for when India was divided a million or so refugees moved into and around Karachi itself. It is a desert port and when flying in or out of it one sees little vegetation for hundreds of miles in any direction. Karachi is developing into a wonderful city and I believe I saw there the largest textile mill I have seen in my life. We were told it consisted of a thousand looms, that the plant was working around the clock, 24 hours daily, and producing enough textiles, cloth and that kind of product to supply the whole country of Pakistan. Karachi is an ocean port with a splendid shipyard and oil refineries and other industries, but what I was most interested in was the written constitution of Pakistan. I was able to get a copy of it and I read it from cover to cover. I was simply delighted with it. If the people of Pakistan live up to their constitution we need have no fear of communism in their country.

The hospitality extended to us was almost overpowering and we had a hard time living up to it. When we arrived in Karachi the temperature was 100 degrees Fahrenheit and we were not properly clothed for such hot weather. I complained a bit about it and I was told: "It is winter here now. You should be here in the summer when the temperature goes to 135 degrees. You shouldn't complain when it is only 100 degrees. This is quite nice winter weather." However, the heat did give us some trouble, and in particular we found difficulty in getting to sleep at night in that temperature. Then we had a certain amount of trouble with the food. In fact, we never did get used to it, although we were told that in time we would. The food was plentiful and good but it wasn't what we had been used to. Although we had been inoculated against everything under the sun except malaria, we seemed to contract dysentery and many other things. Despite this, I don't believe that for the first three weeks any of us missed very much. Later on, when we were in Ceylon, most of us came down with the Asiatic 'flu and at that time we had to renege on some of the trips that were organized for us.

We met very many fine people in Pakistan, particularly in Karachi; they were fine looking people, and they all spoke English. We had no trouble in communicating with them to find out what their difficulties were. Newspapers in English were at our bedroom door every morning. The bookstalls were full of publications in English. In fact, we might almost have felt we were in an English-speaking country, except for the slightly darker complexion of most of the people. We could even make ourselves understood to the taxi drivers, who run little three-wheeled taxis. You can go anywhere in Karachi by taxi for eight annas, which is

about half a rupee, or ten cents. We were very happy with our visit in Karachi, and we learned a lot about their Government and met a great many of their officials. We met the Canadian High Commissioner and also the United Kingdom High Commissioner. Finally, we had to leave, and we went on to a beautiful place a little farther north, Lahore. Although Lahore is quite a beauty spot and the capital of West Pakistan, it was there that I was bitten by the malaria mosquito, so perhaps I should not say too much of a complimentary nature about the city. In Lahore, where we had a very busy time, I was allocated to stay with the Governor of the province.

Honourable senators, on that trip I was guilty for the first time in my life of keeping a diary, and with your permission I would like to read one page out of it which deals with part of the time we spent in the beautiful city of Lahore. It is dated Saturday, November 16, 1957:

Had a good night's sleep. This is our tenth day since leaving Ottawa. It seems much longer, and there will be 31 days more of it. Have taken about two rolls of movies. Hope they turn out well. This morning, after tea at seven, had a bath, shave and breakfast. At eight o'clock we went for a walk in the park here at Government House. Took some movies, etc., then drove down in our Cadillac to join the other delegates at the hotel; after which we inspected the railway shops, where 17,000 people are employed. The Pakistan railways are Government owned and this is the centre where all of the work, repairs, etc. are performed. Everyone seemed to be working very hard. Unskilled labour in the shops receive 1½ rupees per day, about 30 cents Canadian, skilled labour in the shops receive 2½ rupees per day, about 70 cents Canadian. Labour is plentiful and cheap. We were told they work 48 hours a week, with Saturday afternoon off. That would make about 8½ hours a day. There was another tour of an engineering works which I begged off and returned to Government House for a rest before lunch, which we are having there by ourselves at 1.30. Hope I can eat something. At 4.15 we go to University of Punjab for a reception on the University Hall lawns, and at 8 p.m. we attend a formal dinner given by the Premier of West Pakistan. Thank goodness I brought my black bow tie.

It is a glorious day, with temperature about the same as a fine Saskatchewan September day, much nicer than Karachi, where it was about 90 degrees Fahrenheit. I am trying to drink some Lahore beer but am having a hard time of it—quite flat, warm and insipid.

I might say here that we were not supposed to drink the water unless it had been boiled for some hours, and some of us did not have a good drink of water for six weeks; we had to drink either Coca Cola or beer or something of that kind. The diary continues:

We stay here Sunday, then off by air to Peshawar and the Khyber Pass—should be interesting.

There are more horses and donkeys here than at Karachi, which is in desert territory, and where camels of one and two humps are very plentiful.

It is 10 p.m. Have just come back from the Premier's dinner at the Gymkhana Club. This is another very old beautiful building situate in spacious grounds, with great trees and lawns and flowers. The people of this country go in for magnificent buildings. Seems they spend most of their income on erecting huge, beautiful structures. The law courts are most artistic and impressive. Hope to get a picture of them tomorrow. Had a nice afternoon at the university; talked philosophy, religion, engineering, law, farming, etc. Met some nice Americans from New York attached to the legation here. Had another one of those highly spiced buffet dinners. Ate very little. Believe I'm losing weight. Hope to be able to locate a good beefsteak some of these days; and couldn't I enjoy one of my wife's roast beef and Yorkshire pudding dinners! Even some Red River cereal would go good. Well, we have a full day tomorrow. We visit Emperor Jehanrig's Tomb, go to a big garden party in Shalamar Gardens, horse races, and finally another dinner at the Falettis Hotel given by the West Pakistan Commonwealth Association. So I'm off to bed and a good rest, I hope.

Day after day we carried on in that way. As I have said, a couple of days later we left for the far north, which, by the way, was a little cooler.

Hon. Mr. Paterson: May I ask the senator if there were any wild ducks there?

Hon. Mr. Aseltine: Oh, I saw plenty of wild things. They have good quail shooting out of Madras. In fact, the dietitian in the hospital where I was confined for some three weeks, an English girl, used to go out in the mornings and shoot quail and snipe, and roast one or two of them for me, and I would have them for dinner in the evening. But I did not hear of any shooting of ducks. In any event, I was not in a condition to do much hunting.

Finally, we left Lahore, where we had met many fine people and parliamentarians from all over the country, including Indian senators who were with the delegates on the trip. We also met people who were doing hard work in the shops and engineering works, and had many, many conversations with them. One day I got lost and was trying to find my way back to the bus, when I met two young fellows and asked them how to find my way. They showed me around. During our conversation I found that they spoke good English and were well informed on a great many subjects. But how they did hate the English! I could not understand it. They did not give England credit for all the railways she had built, or the beautiful university, the hard surfaced roads, or the wonderful hospitals and other buildings. They were the most ungrateful pair of young fellows I had ever met in my life. However, that was more or less unusual.

Under the Colombo Plan, Canada is building an enormous dam, called the Warsak. It is over 1,100 miles from Karachi. We got

on the plane and travelled to within 100 miles of this dam; then we travelled for 100 miles by bus and automobile, getting there about noon. We inspected the dam, having been taken there by the Canadian engineers. About 150 Canadians were working on the dam, with 5,000 natives. It will be completed in about two years time and will cost us about $60 million. The wages paid on that project to labourers are one and one half rupees a day. That is equivalent to 30 cents. But there are quite a number of experienced labourers on the project and the average wage is about $1 a day. That is the equivalent of five rupees.

We were much impressed by this work. They had diverted the river through a mountain and they had tunnelled west for the irrigation works when the dam is completed. The dam will supply 100,000 horse power and some 200,000 or 300,000 acres of land will be irrigated following completion of the dam. I could see that that would be a good thing because when we left the dam site, after we had had a wonderful meal with the Canadian engineers—ham, spaghetti, chicken, and everything, a real Canadian dinner—we travelled some 30 or 40 miles to the entrance of the Khyber Pass through a desert area without seeing a tree or shrub of any kind. At one time it was under cultivation but it has gone back to nature. That is the type of territory that will be irrigated by the water from this dam.

We motored 35 miles through the Khyber Pass right to the borders of Afghanistan where we were prohibited from going any further.

The pass runs through the Hindo Koosh Mountains. There is a good hard-surfaced road, and a wonderfully built railroad with a rock road-bed, and also there is the old camel trail that was used by Alexander the Great when he invaded India from the north. But the mountains there are devoid of vegetation of every kind. Throughout the whole length of the Khyber Pass it is still well fortified. I said the pass was devoid of vegetation of every kind. Not a tree, not a shrub, just these little pill boxes built up on the sides of the mountains where soldiers were on guard. After taking a few moving pictures of the border area between Pakistan and Afghanistan we went back to headquarters at the Warsak Dam, where Mr. Murphy, one of our delegates, the member of Parliament for Sarnia, and Mr. Doucett made certain speeches thanking everybody for what they had done for us. Then we returned 1,105 miles after dark, all the way, to Karachi. It was a very profitable day, although a very fatiguing one, but we wanted to find out what Canada was doing under the Colombo Plan for Pakistan in the north.

The next day we took the plane for Ceylon. I am not going to say much about Ceylon, except that it is a very beautiful island, a regular paradise. The vegetation grows right down to the shoreline of the ocean and continues to the top of the highest mountains. The cocoanut palms were loaded with nuts. There were great rubber plantations, great tea plantations, banana trees, rice fields and all that kind of thing.

We found Ceylon very much westernized. There we saw thousands of buses, both single and double deckers, hundreds of motorcars, hard-surfaced roads; the people were well dressed and looked prosperous, and they spoke English quite well. The exports of tea, rubber, cocoa, precious stones exceeded their imports. Canada has been teaching them modern methods of fishing, under the Colombo Plan.

The first level of vegetation is the palm trees, and they grow to a level of several hundreds of feet all around the island. Then on the next elevation are the rubber plantations, and at the very top the tea is grown.

We met very many people in Ceylon that we liked very much, including the Governors of the different provinces and the members of their Parliament. They also have a fine democratic constitution and we rather regretted to leave that country.

I want honourable members to understand that all the time we were travelling about these countries meeting these different people we were also meeting and communicating with the delegates from every part of the commonwealth, finding out what their troubles and difficulties were and what we might be able to do for them some time in the future, with the result that after two or three days of working and talking with these people we knew quite a lot about them and they knew quite a lot about us.

But it was in Ceylon that most of us were taken ill with Asiatic flu and other ailments, and some of us had to renege on some of the trips that had been planned for us. But we finally left there for India on the 25th of November, landing in Madras, which is the oldest English settlement in India. That is where forces were sent from to relieve the situation after the prisoners were suffocated in the "Black Hole of Calcutta". Madras is where Wellington, the "Iron Duke", learned how to provision an army and gained experience which helped him in the Peninsular War in Spain.

At any rate, after arriving in Madras I attended a wonderful reception given by the Governor. After the reception I went to

Mahatma Gandhi's tomb, which is a beautiful structure built in the form of an amphitheatre. After that we attended a theatre where we saw Indian folk dancing for two hours. We then returned to the hotel where we had a big commonwealth parliamentary dinner. That night I went to bed feeling fine, to sleep for the first time in an air-conditioned room. I woke the next morning feeling well, had breakfast with the Canadian delegation, went out for a drive, and within five minutes was struck down with malaria. My temperature went up to 106 and my blood pressure dropped 100 points. That was when cablegrams were sent back to Canada asking whether my body should be embalmed or cremated. Mr. Doucett was asked to put up $800 for cremation, and a price of $10,000 was suggested as the cost of everything required to be done should I pass away. In fact, these people seemed to take great delight in spending my money while I was lying on my back in the nursing home.

I should mention that one of the physicians I had—and I had four very capable medical men—has since become the Governor of Madras. The doctors, the nurses and my dietitian all spoke English. I am bound to say this about the Government of India: they never let us down. If anybody got sick they cared for them to the limit.

I should like also to say that the Canadians in Madras were very good to us. The former head of the Ford Motor Car Company of Canada—which company went out of business when India prohibited the importation of cars—and his wife visited me nearly every day; they wrote my telegrams and sent my letters and messages. There were also some Canadian people from Little Current, a town on Manitoulin Island, who were kind to me. The Canadian High Commissioner sent a special man from New Delhi to stay with me; the High Commissioner of the United Kingdom extended the same favour. With all this care, I certainly have nothing to complain about in so far as my treatment in Madras is concerned.

Honourable senators, there are many more things I could say. I might mention the type of fuel that is used in that part of the world: the upper classes use kerosene, but a very small quantity is required for cooking. The droppings of animals are not allowed to go to waste, but are dried out and used as fuel for cooking throughout almost all of India and Pakistan. In Bombay one of the biggest industries is the shipping of kerosene to all parts of the East. Thousands of ships leave every month loaded with four-gallon cans of kerosene.

One sees in that part of the country great salt marshes from which salt is procured. There are many large diesel engine factories for the manufacture of motors to run the buses. Two kinds of cars are now being manufactured, the Italian Fiat and the Dodge, and India now permits the importation of parts for the repair of cars sold there before the prohibition went into effect.

Although I never did get to New Delhi, I made arrangements that the two or three speeches that I was to have delivered were delivered by other members of the party. I have since read those speeches, and I regard them as a big improvement on what I had intended to say.

May I add that throughout the whole trip we were quite pleased with the progress that we made in meeting with these people and talking over our mutual troubles with them. We were of the opinion that the Commonwealth Parliamentary Association was a fine institution and should be encouraged.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Aseltine: All of these agencies for good will and understanding are in my opinion very important. I wholeheartedly endorse the suggestions made by our Prime Minister, and I feel that if they are brought into effect they will from time to time be the means of solving any problems which may arise between Canada and the United States. I am very strongly in favour of the setting up of the proposed joint Parliamentary committees so that they may carry on their deliberations and meet frequently, not just when there is trouble, but so that trouble may never arise.

Hon. W. Ross Macdonald: Honourable senators, I do not intend to delay the house at any length tonight; my remarks will not be very extended.

I rise to endorse wholeheartedly and without reservation of any kind the motion that has been so ably presented to us by the honourable senator from Shelburne (Hon. Mr. Robertson). I approve of everything he said in his speech and trust that his motion will receive unanimous approval by this house.

Honourable senators, we have all listened tonight with great interest to the address just delivered by the honourable Leader of the Government (Hon. Mr. Aseltine). He has given us a very vivid picture of his trip to India, Pakistan and Ceylon. In fact, the picture he paints is so vivid that his presentation might be called an illustrated lecture. But I am sure that what pleases us most is the fact that, although while on his trip he had a very grave illness, he has completely recovered from it and is now with us to lead this house.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, I too have had some association with the Commonwealth Parliamentary Association. In fact, I joined that organization when I entered the House of Commons in 1935. At that time it was known as the Empire Parliamentary Association; it subsequently had its name changed to British Commonwealth Parliamentary Association; then it was changed to the name which it bears today, the Commonwealth Parliamentary Association. It includes representatives from all commonwealth countries. During the time I have been associated with this organization I have been one of its joint presidents, and I have been chairman of its Executive Committee. The splendid work it has accomplished has not always appeared in the form of legislation; in fact, it has no power as a legislative assembly. All that the members can do is gather together from all parts of the commonwealth to discuss mutual problems in a friendly way, but when they part they feel they know one another better than they did when they first assembled. The National Parliamentary Association is a splendid organization, and I would recommend that all members here who do not belong should hasten to join it.

The resolution which is before us reads:

That the Senate of Canada welcomes the recent suggestion of the Prime Minister of Canada for the establishment of joint parliamentary committees between Canada and the United States of America, believes it can be of great benefit in improving relations between the two countries, and offers our wholehearted co-operation.

I would refer honourable senators particularly to the last part of this resolution, the words "...believes it can be of great benefit in improving relations between the two countries..." I am one of those who believe that our relations have not deteriorated to any great extent. We have been good friends for many years. We have, of course, had our differences but on the whole they have been more imaginary than real and they have been grossly exaggerated. We have had not only close ties of friendship but blood ties as well. We are members of one family, and of course there are quarrels in families. A quarrel does not break up a family; it often brings the members closer together. The keeping of our relations on a high plane has been the object of our governments over the years. I will be very glad to read the speech which was recommended to us tonight by the honourable Leader of the Government (Hon. Mr. Aseltine). When he referred to it I thought he was giving a slight political tinge to the setting up of the proposed committees. I want to keep away from any suggestion that I am sounding a political note, but I would remind the house that over the years the Liberal administrations have been maintaining, by their acts, the present high standard of friendship which exists between Canada and the United States.

For evidence of this, honourable senators need only refer back to the attitude which the Liberal Government took in 1911 to maintain friendly relations between our two countries. I would also remind the house of what Mr. Mackenzie King went through during the early days of his régime to maintain these same relations, and the efforts of Mr. St. Laurent's administration to keep them on a high plane. I mention these things merely because I thought that too much emphasis was being put by the Leader of the Government on the fact that this resolution was based on a suggestion of the Prime Minister. I give him full credit, but I do say it is just following the doctrine that has been a principle of the Liberal party ever since Sir Wilfrid Laurier came into power in 1896.

Hon. Mr. Howard: Hear, hear.

Hon. Mr. Macdonald: Along with the speeches recommended to us for reading by the Leader of the Government, I have no hesitation in recommending the speeches delivered recently in the United States by the Leader of the Opposition in the House of Commons (Hon. Mr. Pearson) and by the Right Honourable C. D. Howe, former Minister of Trade and Commerce. I am sorry that I have not got the dates on which those speeches were delivered.

Honourable senators, I make this statement merely to emphasize that this resolution is sponsored by a member sitting on this side of the house and it has no political implications whatsoever. No matter to what political party we belong, I am sure we are all anxious that Canada and the United States should maintain the high standard of friendship which now exists between them. There are bound to be differences of opinion when we have such close trading relations. We are each other's most important customers. For instance, 63 per cent of our exports go to the United States and 73 per cent of our imports come from that country. The United States sells more to Canada than it does to all Latin American countries or to all the countries on the continent of Europe. Without a doubt Canada is the best customer of the United States, and that country is the best customer of Canada. Little things may annoy us. There is no doubt we annoyed the Americans when it was suggested that a certain percentage of our trade be diverted from their country; and they annoyed us by their policy of

disposing of agricultural surpluses and their constant threat to impose higher tariffs upon codfish, lead, zinc and plywood, imported from Canada and to reduce the importation of Canadian petroleum by 15 per cent. While these matters disturb and upset us, it is absolutely untrue to say that Canadians are becoming anti-American. There is no basis whatsoever for that. As I say, there are differences of opinion and we feel in some respects they should be more generous toward us; and doubtless they have similar feelings about us. There have been misunderstandings, but this resolution seeks for a better understanding between our two countries, and I am confident that the proposed committees could do much to create and maintain that understanding.

Honourable senators, this suggestion for joint committees is meeting with the approval of the United States Senate. From reports in the press it appears that the United States will heartily approve the setting up of such a committee. The Senate Foreign Relations Committee is at present giving consideration to the proposal, and if there is a favourable reaction in Canada, as I am sure there will be, it is likely that a permanent subcommittee on United States-Canada relations will be set up in the United States.

Harold Greer, a Toronto *Star* staff correspondent in Washington, reports Senator George Aiken, Republican, of Vermont, as having stated that:

> If our two countries had reciprocal subcommittees of Congress and the Canadian Parliament that could meet and discuss matters of common interest, we would not only have a better understanding of legislative matters but could better convey the substance of that understanding to the American people.

It appears, therefore, that the setting up of these committees will be approved by the Government of the United States and by the Government of Canada.

It seems to me that there is a definite limit to what these committees can achieve. I hope they will be much more successful than the one that was proposed in 1953 and actually set up in 1954. Honourable senators are familiar with that committee. It is known as the Ministerial Committee on Trade and Economic Matters and has included relevant cabinet ministers from both Canada and the United States. During the four years the committee has been in existence it has met exactly three times. I will not say that the committee has been useless, but I do say that it has had very little effect on Canada-United States relations. The proposals which have been expressed in connection with this committee are, in my opinion, just a little grandiose. Here are some of the suggestions made for discussion:

> (1) Methods which could be taken up by not only Canada and the United States but other western powers to "meet the Communist world economic offensive".
>
> (2) Means of expanding world trade and particularly to overcome problems between Canada and the United States developing out of the U.S. surplus wheat disposal program and U.S. restrictions on imports of Canadian oil.
>
> (3) The need of a change in U.S. laws or regulations which prohibit Canadian subsidiaries of U.S. firms to deal with Communist China in non-strategic commodities.

Honourable senators, these are all very valuable suggestions as to matters on which the people of both countries should be informed. But are not these matters primarily problems to be resolved by the cabinets of the two countries, matters which will require a certain amount of bargaining and give-and-take on the part of both? Indeed, we might consider these things; but the idea of this committee having legislative authority is just not so; we have no legislative authority. I believe that the committee which it is now proposed to set up would accomplish more if its aim were not to bring about a better bargain for the particular country from which the members of the committee come, but rather to maintain the sincere spirit of friendship which now exists between us, and even to strengthen and develop it so that our two peoples will always understand each other, and that we will continue to live in peace side by side with each other over the years to come, as we have done during almost the last 150 years. I believe the committee could do more by the members of both countries associating frequently with each other. It should meet sometimes in Canada so that Canadians would get to know the American members of the committee better. It should sometimes meet in the United States so that Americans would get to know the Canadian members of the committee better. I believe it should be primarily a friendship committee to maintain the spirit of friendship which I say now prevails.

Recently there appeared an editorial in the Ottawa *Journal* of June 12, 1958, which appealed to me very much, bearing the heading, "Have Them Play Golf Together." May I read part of that editorial:

> What is needed, we suggest, what might do a lot of good, would be a series of informal meetings, sort of "get-together" gatherings where the best and brightest of our MP's could meet with the brightest and best Congressmen for a weekend of golf or fishing or for whatever else people do these days when they seek relaxation.

May I add, for the benefit of the honourable senator from Toronto-Trinity (Hon. Mr.

Roebuck) and other senators who play golf, that there are no finer people who are better qualified to create a spirit of good will from this house.

Hon. Mr. Farris: Are we to play golf?

Hon. Mr. Macdonald: I will let the honourable senator from Vancouver South speak for himself in that regard. As to fishing, I am sure the honourable senator from Bruce, Alberta, (Hon. Mr. Stambaugh) would agree that fishing is one of the things people do these days when they seek relaxation.

The editorial goes on to say:

> Lloyd George once said that he got farther with France's great Aristide Briand over a game of golf than he ever could get with him across an official table; Locarno, it could almost be said, was born between their dubbed shots.

This is the point I have been making.

> Nothing much of a legislative character could be born of informal gatherings between MP's and Congressmen. But the good to come from them might be that a lot of silly and nasty misunderstandings might be left unborn—or if they should be born, would die more easily in an atmosphere of understanding in the right place which such foregatherings must bring.

Honourable senators, I sincerely hope that this committee of friendship and good will will be set up.

Hon. Mr. Roebuck: We might make it a committee of the whole.

Hon. Mr. Macdonald: A very good suggestion. I gather that the honourable senator from Toronto-Trinity thinks that all the members of the Senate might be members of this committee, and I think that we could do a lot worse than pay a visit to Washington. Perhaps the honourable senator might arrange one.

My closing remarks are that in endorsing this proposal I hope it will be passed by this house well within the next two days. At the present time Canada is being honoured by a visit from the President of the republic to the south of us. No doubt he is receiving and will receive a loyal and affectionate welcome. What better could this house do than express its approval of the setting up of this committee, so that the President will know before he leaves Canada that we want to have a committee of this type to maintain the fine spirit of friendship which at present exists between our two countries?

Hon. Norman P. Lambert: Honourable senators, I have nothing in the way of a prepared statement to make with regard to this resolution. But I may say at once that I am not only in favour of the resolution wholeheartedly, but I am also very anxious to see that something is done about it. I am interested at the moment in supplementing some of the very appropriate things that have been said by the honourable Leader on this side (Hon. Mr. Macdonald).

Precedents for contacts between members of Parliament in Canada and members of the Congress at Washington do exist. My honourable colleague from Cariboo (Hon. Mr. Turgeon) and I in 1943 were assigned by each of our respective houses as chairmen of special committees to deal with the prospects and problems of reconstruction after the war.

One of the outcomes of our deliberations in the Senate was that the chairman was authorized by that committee to go to Washington and confer with the representatives of a corresponding committee, the Committee of Reconstruction in the Senate of the United States. The chairman of that committee at the time was none other than the eminent Senator George from Georgia, and one of his very close colleagues on that committee was the late Senator Vandenburg. My commission from our committee was to discuss with them possibilities of joint discussion on problems of reconstruction after the war, involving trade between the two countries and the prospect of meeting with each other from time to time to deal with these interesting subjects.

The outcome of that visit was a definite understanding that we would meet a committee of senators of the United States in October of that year. My honourable colleague from Shelburne (Hon. Mr. Robertson) is no doubt aware of why that meeting did not come to pass. One of the reasons was of course that the exigencies of the war obliged the Senate of the United States to meet again early in the fall. It was sitting when I went there in June of 1943. It sat well into August of that year and resumed its work at the end of September.

The issue at stake which led Congress to reassemble then was the discussion of a resolution that had been submitted in the House of Representatives by one of its members—now Senator Fulbright—known as the Fulbright Resolution, which proposed a certain basis for the settlement of the war. That peace resolution was not acceptable to the Senate. Its Committee on Foreign Affairs decided it could turn out a better resolution than the Fulbright Resolution, so Congress had to come back and meet again in the early fall of that year. That was one of the reasons why our joint meeting was not held at that time.

In expressing regret, Senator George wrote to me, as chairman of our committee, saying that he hoped it would be possible to hold the meeting later on in February of the following year. Unfortunately, other important considerations relating to the war intervened

and our joint meeting was never held, but the willingness to do so was there. The desire to co-operate with us in dealing with problems of common interest was there. I have often thought that had that contact been followed up, out of it might have developed a great deal in the way of mutual advantage to both countries.

There were other occasions after the war ended when contact between this country and the United States in matters of mutual advantage, in trade, might have come to much more if they had been followed up more vigorously on each side with the object of achieving actual working relations.

My honourable friend the new senator from Winnipeg South (Hon. Mr. Thorvaldson) knows well the possibilities of contact that have developed out of the joint meetings of the Chambers of Commerce of these two countries. I attended a most memorable session of the International Chamber of Commerce at the Seigniory Club in the early forties, when the whole field that is being considered in this resolution was under discussion. It seems to me that many of the objectives were just as sound then as they are now. But as distance and time separated us from the urgencies of war years they faded in their significance and importance. We were willing to do anything then and we did do a great deal in the way of co-operation with the United States in the pooling of our resources and finances to achieve the successful end of the war. Later other problems seemed to intervene, and those burning objectives of the times seemed to pale and weaken, and we have fallen away.

I think that this resolution, so far as it goes, is a most admirable one, and I trust, as I said in the beginning, that something concrete and definite will come out of it, because one is convinced that the feeling of the people of this country and also those of the United States is strongly favourable to such contact and such co-operation.

I do not intend to say any more at the moment, but there is just one thing that I want to suggest at this time as a real background for this resolution. It is the definite data and factual information to back up what I have said about the mutual desires of the people on both sides of the boundary to support such rapprochement between the two countries.

It was my privilege the other day when presenting the report of the Committee on External Relations on the NORAD pact to refer to this general aspect of international interest. At that time I was sorely tempted to say more than I did, but as chairman of the committee I felt that my chief duty was to submit the report.

In the thirties and early forties there appeared a series of very valuable contributions called, "A Series of Studies Prepared Under the Direction of the Carnegie Endowment for International Peace." *The American-Born in Canada,* one of the volumes in this series, which I have in my hand, outlines a long-standing relationship between Canada and the United States. The editors and the authors of this book are Dr. R. H. Coats, founder of the Department of Statistics of Canada, now retired, and his associate at that time, Mr. M. C. Maclean. This book is the most authoritative statistical analysis of the relations of American-born citizens of Canada to the economic development of this country that is in existence anywhere, and I therefore suggest that anyone who is truly interested in the proposals contained in this resolution should have reference to it. The book to which I referred in a speech a couple of weeks ago, the *North Atlantic Triangle,* by Brebner, is equally worth while. These two books will convince any fair-minded patriotic citizen of this country of the common interests, aims and sympathies that prevail between the peoples of these two countries.

I should like to quote one short passage from this book to show the human and social background of this resolution. Speaking of the American-born in Canada, the authors use these words:

> The American-born are spread more widely, that is, they are found in more parts of Canada, than are the native-born of any other country except England and Canada itself. . . . Even such 'unlikely' regions as the Abitibi District of Quebec, the northernmost parts of Manitoba and Saskatchewan, and the Northwest Territories are well represented by American-born.

There is reason, in view of this investigation, for the statement that the American-born in Canada is the highest of the foreign-born populations in this country, in wideness of distribution, in distribution by counties and by municipalities. Not one of our federal electoral districts is without a percentage of American-born immigrants among its citizens. Added to that number are those who have been born as a result of marriages of Canadian-American parents. More than one million people in Canada can trace their origin directly to the other side of the boundary line. On the other side of the picture, Canada has made its contribution to the society of the United States and to the economic development of that country, where for more than 200 years the work of some 5½ million people who either migrated from Canada in the first place, or are children of those migrants is represented.

With that mutual background of human interest and importance, it seems to me that a duty rests upon the representatives of the Canadian people in Parliament—and I would

like to emphasize that a particular duty lies with the members of this chamber—in relation to this proposal. I think that the opportunity of capitalizing the advantages that may arise out of this resolution is something which should particularly concern the Senate of Canada and the Senate of the United States. In saying that, I am simply following up in my own mind the favourable impressions I received when I had to go to the United States in 1943 to approach this whole problem of co-operation in relation to our common economic problems.

On motion of Hon. Mr. Turgeon, debate adjourned.

PRESIDENT OF THE UNITED STATES

TO ADDRESS MEMBERS OF BOTH HOUSES

Hon. Mr. Aseltine: Honourable senators, before I move the adjournment, I would like to draw the attention of honourable senators to the fact that, as has already been stated, we have the President of the United States with us on a very important visit to Canada. He is to make an important pronouncement in the House of Commons tomorrow morning at 10 o'clock when he will address the members of both houses. I hope that every chair reserved for senators will be filled at that time.

COMMITTEE MEETINGS

Hon. Mr. Hugessen: Honourable senators, on the motion to adjourn, and to follow up what the honourable Leader has said, may I observe that a meeting of the Standing Committee on Transport and Communications is fixed for half-past ten tomorrow morning. Evidently that hour was fixed before arrangements were made for the official visit of the President. As chairman of that standing committee, I think I should take it upon myself to tell the members that we shall meet not at 10.30, but when the proceedings in the House of Commons have concluded.

Hon. Mr. Roebuck: Honourable senators, may I also note that there is a meeting of the Standing Committee on Divorce fixed for 10.15 tomorrow morning. Following upon what the honourable senator from Inkerman (Hon. Mr. Hugessen) has just said, may I state that the Divorce Committee also will not meet until after the proceedings in the other house have concluded. There is only one case on the Committee's agenda for tomorrow morning, but it is contested.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, July 9, 1958

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

Prayers.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY (SUBSIDIARIES) BILL, 1958—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications presented the report of the Committee on Bill S-7.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-7) intituled: "An Act respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries", have in obedience to the order of reference of July 1, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Bouffard: Honourable senators, with leave of the Senate, I move the third reading now.

Motion agreed to and bill read third time and passed.

PRESIDENT OF THE UNITED STATES

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. W. M. Aseltine: Honourable senators, with leave, I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Macdonald):

That the address of the President of the United States of America, Mr. Dwight D. Eisenhower, to members of both Houses of Parliament, delivered on this day, July 9, 1958, and other addresses delivered on that occasion, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*, and form part of the permanent records of this house.

Motion agreed to.

See appendix to today's Hansard, *pp. 296-302.*

REMOVAL OF FLAG FROM SENATOR'S OFFICE WINDOW

INQUIRY STANDS

On the Orders of the Day:

Hon. Vincent Dupuis: Honourable senators, before the Orders of the Day are proceeded with may I ask the Leader of the Government (Hon. Mr. Aseltine) when he will be able to answer my question of July 1? I do not want to press for an answer, but wish to remind the honourable leader that I would very much like to have one when he is able to give it.

Hon. Mr. Aseltine: I am unable to answer the honourable gentleman's question today, but I have a copy of an order in council, passed in 1945, which I would like to show my honourable friend, and let the question stand unanswered for the present.

The Hon. the Speaker: The inquiry stands.

MAPLE SYRUP AT WORLD'S FAIR

Hon. Cyrille Vaillancourt: Honourable senators, before the Orders of the Day are proceeded with, and with your permission, Mr. Speaker, may I inform the house that I have received some good news. In my speech last Wednesday I said it was not possible to get pure maple syrup at the restaurant in the Canadian pavilion at the World's Fair at Brussels. I stated that maple syrup shipped from Canada for the fair as early as last February had been lying on the docks at Antwerp for three months. Today I am in a position to announce, on the authority of a letter I have just received, that the syrup has now been delivered, so anyone who happens to go to Brussels will be able to obtain pure Canadian maple syrup at that restaurant.

CANADA-UNITED STATES RELATIONS

MOTION TO APPROVE SUGGESTED ESTABLISHMENT OF JOINT PARLIAMENTARY COMMITTEES—AGREED TO

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson:

That the Senate of Canada welcomes the recent suggestion of the Prime Minister of Canada for the establishment of joint parliamentary committees between Canada and the United States of America, believes it can be of great benefit in improving relations between the two countries, and offers our wholehearted co-operation.

Hon. Gray Turgeon: Honourable senators, I do not intend to detain the Senate very long this afternoon in discussing this resolution, but I do consider it an honour to have the opportunity of saying a few words on the motion of the honourable senator from Shelburne (Hon. Mr. Robertson).

As pointed out by the honourable Leader of the Opposition (Hon. Mr. Macdonald), there is no question whatever that the relations between Canada and the United States through many, many years have not all been excellent. First of all, let me say that it seems to me there are several other reasons

for passing a resolution of this kind and for carrying it out in all its expectations. So far as good relations are concerned, naturally everything has not been definitely perfect.

I want to pay a word of respect to the President of the United States for his visit here and for the excellent address which he gave us this morning. In relation to this particular motion which is now under discussion I want to make a very short quotation from the speech made by President Eisenhower this morning. Naturally, like members of the Senate, he was definitely of the opinion that conditions were very good, yet this is what he had to say:

> 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.

Now, honourable senators, I cannot conceive of any better way of settling a problem caused by uncertainty of conditions than by the operation of a committee representing both the Parliament of Canada and the Congress of the United States, along the lines proposed to this chamber by the honourable senator from Shelburne.

In his speech the President went on to say:

> 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.

It appears, therefore, to me, as I am sure it does to every honourable senator, that this particular recommendation, based upon the excellent relations between the two countries, will at the moment do a great deal of good not only in settling the difficulties that already exist, but in clearing the way so that difficulties of that nature will not come into being at a later date.

I intend to mention one or two of the main problems which exist; in doing so, I shall be speaking largely as a British Columbian, though I am sure the feeling on the part of the citizens of that province are shared by the citizens of the rest of Canada. I refer first to the problem of the Alaska panhandle. This matter is of considerable seriousness, and I shall deal with it in detail later.

To come back to the question of good relations between Canada and the United States, there exist several forms of difficulties. I have mentioned the Alaska panhandle problem. Another one—and I again speak as a British Columbian, though the question is a familiar one in other parts of Canada—is the development of power on the Columbia River. As most of us will remember, back in 1909 Canada and the United States—through the making of the Boundary Waters Treaty—acted together in the setting up of the International Joint Commission, the purpose of which was to deal with and settle problems arising out of the so-called boundary rivers.

At this point I should like to quote a short passage from some remarks I made a few years ago before an international conference:

> The late Mr. Lawrence J. Burpee, one time Secretary of the Canadian section of the commission, writing of articles 3 and 4 of the Boundary Waters Treaty said:
>
> "—to the extent covered by these articles, the United States and Canada transferred to this International Tribunal a measure of their national sovereignty."

I believe this is correct, that they did give up a part of their national sovereignty to the commission that was set up, representing in equal numbers the two countries. I then went on to say:

> I endorse Mr. Burpee's statement and say that this treaty affected certain very important rights and privileges of each of the two neighbouring countries. And when we recall that the treaty was between a very strong and powerful nation, the United States, and Great Britain, acting for Canada, a small neighbour lacking the full sovereign authority which Canada now has, we find a positive answer of "false!" to the communist instigated charges that the United States has imperialistic designs upon the rights or possessions of other countries.

It is of interest to go back in our minds to 1909, to a time when Canada did not have anything like the world position she has today, and when a country like the United States decided to enter into a treaty of this nature it was, as the secretary of the Canadian branch of the Commission said, a giving away of some of its sovereign rights; and in turn, we of course gave away some of our rights. Therefore, there could not be anything but good will in the general feeling of the United States toward us. That good will is not only in the minds of the people at large, but also in the executive administration, and as well in the parliamentary and congressional groups. Had that not been the case the treaty could never have been executed, or ratified by the American Congress.

I come back to the question of the Alaska panhandle. I do not wish to go into a detailed statement with respect to it, except to say that without any question the panhandle is interfering with the development of the northwestern part of Canada, and the time has come when all of Canada, even the people in the far eastern parts, are looking forward to that development. I believe it will be retarded unless and until some

arrangement can be made with Alaska in connection with the Panhandle.

As a Canadian I wish to congratulate the people of Alaska, since at long last they have been incorporated into the union of the United States of America and have been given statehood. I have had experiences from an international point of view with some representatives of Alaska, and although Alaska may not agree that action should be taken in connection with the Panhandle at this moment, I feel certain that they are ready to sit down and discuss matters with us. They will now have two senators and a member of the House of Representatives in the American Congress, and if we could set up with them a joint committee I feel certain that we could bring about fruitful conversations with them.

The honourable senior senator from Ottawa (Hon. Mr. Lambert) yesterday made reference to an experience he had some years ago when he was Chairman of the Senate Committee on Reconstruction. He referred to the conversation that he and I had when I was Chairman of a similar committee in the House of Commons. I should like to read one of the resolutions that our committee put forward:

> We recommend that an agricultural, industrial, mineral and transportation survey be made of the northwestern portion of Canada, to prepare properly for that country's development, which has been pushed forward by Canadian-United States activities in the war against Japan; and that this survey be made jointly by the federal Government, the provincial Governments concerned, and the two great railway companies.

I believe that surveys of this kind are about to be made; and if these joint committees suggested by the honourable senator from Shelburne (Hon. Mr. Robertson) are set up, they could review the reports and recommend that the surveys be carried out in line with the objectives of the resolution we are now discussing.

Incidentally, just so that honourable senators will not think our committee did not give consideration to the east, we made this further recommendation:

> We recommend further that a similar survey be made of all the northern portions of Canada for the reason that the making of a true national economy demands the utilization of the resources of all our northland.

Some years ago I had talks with various people—two of them are United States senators—about the affairs which I am now discussing. One of them is Senator Neuberger, who spent a great deal of time during the last war in the northern parts of Alberta and British Columbia and in the Yukon and Alaska. He played a great part in bringing about the development of the Alaska Highway and in carrying out the military operations of the United States in those areas. The other senator is Senator Magnuson, who for a long time has been interested in highway and railway development through British Columbia and on to Alaska. Whether a series of corridors or an access way or a free commercial port of deep water is needed to develop mineral and other resources in the Yukon and the northern parts of Alberta and British Columbia, I know that when the people of Alaska realize all the conditions surrounding this work, they will not object to this committee sitting down and discussing the matter.

When I first met Senator Magnuson he was very interested in having an Alaska Highway running northward through central British Columbia, starting at a point near Terrace or Hazelton, B.C., and running into Alaska.

There is a commission now working in Washington—and I am bringing this up because of what I have to say about the Panhandle—called the Alaska International Rail and Highway Commission. This commission is studying the need for new rail and road links between Alaska and the United States. I have here a press clipping dated February 6, 1958, which discloses that, on the preceding Tuesday the commission asked Congress to bring the province of Alberta within its scope of inquiry. I might say that this American commission is studying the use of land and so forth in Canadian territory, but with respect to a highway running to Alaska.

No objection has ever been raised by Canadians to this commission carrying out its work. There have been several other commissions making similar studies. Therefore, there should be no objection whatever to the joint committees, as proposed by the honourable senator from Shelburne, inquiring into the matter of the Panhandle. In fact, if a joint parliamentary-congressional committee decided, for instance, that there should be corridors or a free commercial port which could be reached by Canadian transportation, the Americans would really have no objection, because they themselves are planning now on the construction of a highway or railway going over Canadian territory and into Alaska and they are at present surveying Canadian territory for this purpose. During the last war, and since that time, we have permitted the Americans to set up air bases in Canada under their control. When we were building the Alaska Highway we gave full control in connection with everything about the highway to the Americans. They were running it and nobody objected to

this. It was the proper procedure to follow. We would not have done so had we not been certain of the good will of the American people and of official America in Washington towards our country. Now we are asking the same sort of thing in connection with the Panhandle.

I am not going to delay the Senate, but I do want to make one suggestion. I see by this press report that the Alberta Government was represented by one of its ministers, Mr. Taylor, before this commission in Washington, and he suggested that Alberta be considered in the survey as well as British Columbia and the Yukon. I agree with the suggestion that that commission should give consideration to Alberta, for the commission is the body which will have to determine what is the proper route to follow. Personally, I think the British Columbia route would be a better one, but the commission will have to make the decision and it should give consideration to the Alberta portion of western Canada.

As honourable senators know, during the last war a joint commission composed of members from Canada and the United States was set up to study and make a survey of northern British Columbia, northern Alberta and the Yukon with respect to defence activities and the discovery of raw materials in those areas. The purpose of the survey was to determine what kind of production could be brought about and the action to be taken in connection with it. I am sure the honourable senator from Waterloo (Hon. Mr. Euler) and his deskmate (Hon. Mr. Crerar) are more familiar with this work than I am. At any rate, this work was carried on, but after a couple of years the United States had to withdraw and the survey was carried on by Canada alone.

Honourable senators, as a result of all these surveys there is a general knowledge that there could be rich development in the Yukon and in the northern parts of British Columbia and Alberta, and that this development could be brought about and reach its maximum under proper conditions. To reach that mark properly it must have access in some form or another across the Panhandle so that it can lead to a seaport of some sort on the Pacific Ocean. That is the general question I should like to see given serious study by this committee when it is set up.

I spoke earlier of the good will of the people of Alaska towards us. Some years ago I was one of several speakers at a convention of the Pacific Northwest Trade Association, whose representatives came from Alaska, Washington, Oregon, Montana and Idaho and from the Yukon, British Columbia and Alberta. They passed a resolution for favourable trade relations, a resolution which at that moment would not have received approval from many persons in Washington. But the convention, where the personnel consisted of at least three Americans to one Canadian, passed that resolution, going all out for certain action by Congress at Washington with respect to trade. The people of Alaska took part in the debate, and all were just as favourable toward the resolution as were our people from British Columbia. If I recall correctly, the first president of that international association was our colleague the honourable senator from Vancouver (Hon. Mr. McKeen). He may have been the second president, but I think he was the first.

In closing, I wish to express appreciation of the action of the honourable senator from Shelburne in bringing this motion before us for consideration. I hope—and I think it is certain—that there will be unanimous consent by the Senate. I further hope that the Commons will approve of the suggestion in the same way, that the Government will take action immediately, and that this joint committee will be set to work. What form it will take—whether it will be divided into branches or into specific committees as needed, is something I do not know; but whatever form the suggested committee takes, I urge that it get to work as soon as possible. There will be many problems for this committee to deal with. Still, I hope that before too long it will inquire into the question of the Panhandle, and I feel certain that our side will deal with this question in a friendly manner. I hope that whatever result is reached, the general good will toward us will not be impaired in any way.

Hon. Calvert C. Pratt: Honourable senators, I am sure we have all listened with a great deal of interest to the speech of the honourable senator from Cariboo (Hon. Mr. Turgeon). It has had the value of bringing to our attention certain matters which would reveal the practical benefits of such a movement as is envisaged in the resolution now before the Senate.

I think the honourable senator from Shelburne (Hon. Mr. Robertson) has done a very valuable public service in bringing before us a motion to give the approval of this house to the establishment of a joint parliamentary committee between Canada and the United States. The measure of sponsorship and leadership which the honourable senator has given in the NATO Parliamentary Association and other bodies has earned the gratitude and satisfaction of us all. He pointed out very effectively in his speech that Canada has been backward in getting into some of the top intergovernmental movements which have

been in operation. I hope the one now under consideration with the United States will materialize and operate in a very effective manner.

It is particularly appropriate that this important measure is being considered now while Canada is being honoured by a visit from the President of the United States. The cordial welcome he is getting here in Ottawa is just a reflection of the welcome extended to him throughout Canada from coast to coast. The speech of the President at this morning's assembly of members of both houses was extremely valuable in defining the relationships of our two countries. It certainly gave encouragement in a practical way for mutual advancement in many spheres of common interest.

Success of international promotions in whatever field of endeavour cannot, of course, be judged entirely by achievements as expressed in resolutions, or indeed by agreements. They can only be adequately judged in the sum total of the effect of closer associations and understandings and in the development of increasing desires and efforts to work together for the common good. Doubts as to the future displays of energy and perseverance in making them a success should never be a deterrent to good promotions. The important thing is to bring the measures before us, put them into full effect, and then do everything to make them work.

The resolution brings before us the need for closer understanding and co-operation between the United States and Canada at the level of their Congress and our Parliament. Nothing has become more obvious than that in recent times. One can cite instance after instance of annoying circumstances which have resulted in criticisms one of the other, but actually that is not unnatural as between neighbours. If we were not so close together in relationship these annoying circumstances would not occur. One thing we must watch, however, is to see that ill will is not created and does not spread on either side by lack of mutual understanding on the official level which can filter down to the level of the public on both sides.

To my mind we are very lacking in imagination and practice in the matter of public relations with the United States. After all, it is what the public know and how they feel that governs legislation in democratic countries. Last year I made in this house a suggestion which I now repeat, that as a beginning of organized effort to disseminate useful information in the United States about our country, in relationship with our Department of Trade and Commerce there should be specially trained information officers attached to all of the Canadian consulates in the United States. There are numerous ways in which competent officers could give leadership toward improving the practical aspects of our relationship with the American people.

Among ourselves we are constantly hearing of dissatisfaction concerning matters of American policy, but not until we travel in the United States, as some of us have done quite widely, do we learn of any dissatisfaction on the other side. We seem to be looking in on each other from the outside too much and not seeing enough of each other on the inside looking out. I feel that if this resolution is brought into effect and there is an active intergovernmental relationship right at the top it should do a great deal to develop a mutually beneficial policy betweeen our two countries.

In the matter of national defence, history has been in the making for a long time revealing the inevitability of our two countries acting together. In recent years this has fortunately spread to joint and active effort in the promotion of peace. This unquestionably is a matter of greatest concern to us now as it is to the whole world.

The changes that have come over the world in very recent times make our working in close harmony with the United States, and definitely with a clearer understanding of each other's problems, more urgent year by year. These changes are creating a fast parting of the ways between the old times and the new. We are all accustomed to the constant expression "How times are changing!" but it is very difficult to realize the full significance of the great changes that are affecting humanity throughout the world. Science in almost every field is changing the human outlook and methods of living. Science extended to methods of travel and communications has broken down geographical barriers. Political boundaries are still there and are constantly changing in their international significance. Industrialization is spreading fast throughout the world, and international trading operations are shaping up so as to prevent the most highly developed country from living in a tight little pocket of its own, hedged in by high tariff walls and indeed hedged in by relatively high production costs. Unquestionably of the greatest benefit to Canada and the United States will be a policy whereby our trading relations will be drawn closer and both countries geared to participate effectually in the great economic unions that are being set up among nations.

The strongest of all reasons for our two countries working together, as I have said, is to face up to the changes that are taking place throughout the world and be able to adapt ourselves to them. The greatest of

these changes is of course the division of the world at present into two major sections, communist and free countries. We shall have to consider without delay what will happen to us and to the United States when the nations of Europe create a common market between themselves, in accordance with their present policy. They will then have no restrictions on the movement of goods, capital or labour within their united countries.

At present, as we know, this is the policy of six of the countries of Europe. There is a still wider field which is indicated by Great Britain, whereby a free trade area would extend to even more countries. Under such a policy, not only would they have no trade barriers among themselves but they would have a common tariff against the world. If that comes about, as it probably will, it will create the largest single trading area in the world set up as one unit.

Where will Canada be at that time? Some are commencing to talk about common markets or groups of common markets for North and South America. Where shall we stand on that? One thing we can be sure of is that the cause of self-protection, and indeed of national survival, is going to bring about great changes in international relationships, both political and commercial, in many parts of the world. We can see such changes coming right now. I would express my firm conviction that no matter what our inclinations may be to favour one country or another in our trade relations—whether it be the United Kingdom or any other member of the commonwealth—our trade relations with the United States must always be closer than those with any other country.

We have in Canada our responsibilities to help direct a mutual common policy. I once heard a leading United States citizen express the view that the political separation of his country and Canada is a distinct asset to the free world. Diversity and civilized competition improve a nation's internal economy, he went on to say, and by being separated the United States and Canada have been able to reach a more balanced judgment about the rest of the world than otherwise would have been possible. With that I am sure we all agree.

There is among countries an urge—a natural urge—to protect and extend basic industries in the face of over-production for the available markets. We know the similarity in our two countries in regard to the problems concerning distribution of oil, grain, metals and so forth. Certainly in these matters there is urgent need for more understanding on the level of populations as well as by administrations. Personally, I deplore the constantly advocated policy both in the United States and Canada to freeze out each other's goods for one reason or another. Tariffs to a degree are entirely reasonable in varying circumstances. But tariff barriers which are caused by conflicting interpretations of tariffs, such as valuations placed by reason of the nightmares of dumping practices often more imaginary than real, create almost a stoppage of trade in commodities.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Pratt: People become afraid to buy abroad, not being able to forecast the attitudes of the interpreters of the customs acts and countless amendments. Tariffs are a matter of uncertain policy, for unquestionably there are times when the overall policy is to tighten up, and other times when it is the reverse—to slacken up. This causes tremendous irritation. I once heard a certain expression about our great undefended border, which is commonly talked of as an example to the world. That expression, which contains a good deal of truth, was that it is a boundary of "4,000 miles of irritation". I repeat, there is a good deal of truth in that, particularly in periods of what I might term "anti-dumping mania".

It is not my intention to continue with a discussion of points of difference, whether originating on this side or the other. I do feel, however, there is justification in this debate for referring to certain of the issues as I have done, whether they originate on our side of the border or on the other. The thing of greatest encouragement, however, in this matter is that we do have so much in common and that there is such well prepared ground for closest co-operation in every field.

In a very interesting speech on this subject last evening the honourable senior senator from Ottawa (Hon. Mr. Lambert) referred to some aspects of the common background of Canadians and Americans. I recall having read somewhere that there are over one million persons of American birth residing in Canada and over six million first and second generation Canadians residing in the United States. The Dominion Bureau of Statistics recorded that in the period of 1841-1941:

> Canada received by immigration from abroad—the greater number from the British Isles—6,699,000 persons.

During the same period the emigrants from Canada to the United States numbered 6,421,000. From the point of view of integration of population, there was probably no such example anywhere else. A great common similarity also is in the economic field, and by reason of the fact that both countries are probably the world's leading examples of high productivity and high standards of living.

The biggest consideration of all, however, is that we are close neighbours. Our economy naturally interlocks and our international outlook is practically identical, although in details of policy there are, of course, variations. We differ just as naturally as neighbours always differ, and the greatest care must be taken that these lesser differences do not become magnified into breaches.

One of the most high-sounding issues on this side seems to be what is termed the preponderance of American investment coming into this country. Where should it more logically come from? In this connection I entirely agree with the view expressed by the President this morning in his address to Parliament. When investment capital comes in it builds up our utilities and promotes our industrial growth. It is doing what the pound sterling did in earlier days over this whole continent and is still doing in quite a marked degree. There is no more natural place for capital to come from than the United States. It is development capital —foreign before it reaches here, but after it arrives it becomes local capital. As the President pointed out, it is subject to local laws and taxation just as soon as it gets into use. We should welcome the billions wholeheartedly—the more the better. One thing we can be sure of is that before a decision is made to send it in there is always a thorough appraisal of its usefulness in the development of industry in Canada. That is simply good business. It is also taken for granted that it would be treated just as fairly as is capital originating in Canada, and all I can say is that it will be just too bad for this country if a critical attitude develops which will cause our neighbours to doubt our fair treatment for the portion of their own earning power which they send over here. We must not forget that with those invested funds comes a large contribution of the results of their industrial research, which is of tremendous value and on which American industry spends hundreds of millions of dollars each year.

Such an occasion as this, with a motion before us emphasizing the mutual benefits to be derived by improving relations between Canada and the United States, is particularly appealing to members of Parliament representing the province of Newfoundland. Let me say right here that I believe that in no part of the commonwealth is there a warmer feeling toward England and a greater respect for the traditions on which the commonwealth was built than in Newfoundland. Commonwealth ties and close American affiliations are not a contradiction and I hope never will be. By reason of the military bases, the people of our province have had in recent years a very close relationship with Americans serving in, and on behalf of, the armed forces. In 1941 the Commission of Government of Newfoundland announced that, in conformity with the policy of the United Kingdom, areas of Newfoundland had been granted to the Government of the United States for a period of 99 years for the establishment of bases for their armed forces. For many years past, in fact for many generations, Newfoundland fishermen had gone to the United States, principally the New England area, to carry on their occupation, sometimes seasonally and quite frequently to reside there. As a result quite a close connection was established between our peoples, but not, of course, to any greater degree than with many parts of Canada. It was, however, with the establishment of the American bases in Newfoundland that an intimate relationship was established which can be taken as an example among any countries of the growth of good and friendly understanding, one toward the other.

It is interesting to recall that during the period when the base construction was being planned the troops of the first military contingent to come to Newfoundland were drawn from the oldest regiment of the United States forces. This selection was made at the time, so it was officially stated, to recognize the status of Newfoundland as having been the first colony of England. It was a thoughtful gesture and assured a good start for the enterprise. Since the commencement of that establishment in Newfoundland the American operations have extended to three large bases employing not only many thousands of army personnel but also several thousands of Newfoundland civilian workers. The economic effect on Newfoundland has been of tremendous value to our people. The good relationships that have developed came naturally as between our peoples and not primarily from official action. The dispatch of an aircraft to make a mercy flight, as it is termed, to some place of isolation where urgent medical treatment is required, has become commonplace.

The participation of these American neighbours, both individually and by organization, in welfare work has been outstanding. I might inject here just one illustration of their kindness. Last winter an almost unprecedented ice condition upset the electrical services in St. John's for a few days. Thousands of homes immediately found themselves without heat and means of cooking. The huge American establishment at Pepperell, near St. John's, threw open its doors and received many hundreds of little children, and looked after them until electricity could be restored to their homes. The orphanages and other

charitable institutions in St. John's and elsewhere have had constant help, both individually and organized, from the American personnel at the bases.

I feel it is due to those good neighbours of ours to give this expression of appreciation at this time. Honourable senators, I was never more certain that I was conveying the general feeling of the people of my province than I am now in making these remarks, and I end this talk just on that note.

Hon. Gunnar S. Thorvaldson: Honourable senators, as a very junior member of this house I have looked around from time to time, and a conclusion I came to on the very first day I was here was that when one reaches the Senate one should be discreet enough to look, learn and listen rather than try to make too many speeches. I hope I have reasonably followed that precept. Perhaps I might recall the story about a young member of the British House of Commons who asked the great Disraeli for some advice. He said, "Do you think I should speak in this debate?" Mr. Disraeli looked at him and replied, "Well, if I were you I would rather have the members wonder why I did not speak in this debate than why I did."

I promise you that I will be brief, but I am very much afraid that when I have finished my disjointed remarks you will wonder why I got up to speak on this matter at all. However, I want to give one reason immediately. It is that I was most intrigued with the splendid manner in which, I feel, this matter was brought to the attention of the house by the honourable senator from Shelburne (Hon. Mr. Robertson).

The proposal to establish a joint parliamentary committee between members of our Parliament and members of the Congress of the United States is not something entirely new. It has been thought of before and is one of those gradual developments now coming to fruition. I might say I was most interested in the story the honourable senator from Shelburne related about the Commonwealth Parliamentary Association and its work, and his contact with it and the NATO Parliamentary Association, with which he, like so many other members of our Parliament, has been associated.

So, honourable senators, even if I feel I have nothing to add to this debate, I do want to say just a few words. First of all, this is a most appropriate occasion to speak on this subject, namely an occasion such as today when we had the honour of having in the House of Commons the President of the United States and the Secretary of State of that country, and the privilege of listening to the wonderful speeches that were made by the President, by our own Prime Minister and by the two honourable Speakers of this Parliament.

Everyone recognizes, of course, that if the proposed parliamentary committees are appointed, another contact will be created between our two countries on government level.

The few remarks I want to make have regard to the many other contacts and close associations that we have with our friends across the border in our daily lives as Canadians. Although it is a fact that contacts on government level and parliamentary level between countries are important, the fact is that the contacts and the associations between the peoples of our two countries are closer and greater in scope by far than are the contacts between the peoples of any other two countries in the world. I would just like to put some of those contacts in closer perspective and refer to some of the spheres in which the peoples of Canada and the United States come together. Indeed, the honourable senior senator from Ottawa (Hon. Mr. Lambert) last night referred to one of those Canada-United States associations which I have had something to do with in the past, and which I want to say a word or two about today. In this instance I refer to the Canadian Chamber of Commerce, to cite only one, and the Canada-United States Committee of that organization.

In regard to our relationships with the United States I think everyone realizes, both in this house and among the public generally, that the amount of good will and friendship and understanding between our countries is really of enormous extent and that whatever differences we do have are comparatively small ones. They are very tiny when you compare them with the tremendous area of good will and friendship which does exist between our countries. Sometimes it is suggested to me that there are more misunderstandings between our two countries today than there were, for instance, one, two, or three years ago. Sometimes it is said that there is greater misunderstanding now because of the recent change of our Government. I just want to say that I do not believe that is the case. These misunderstandings have simply resulted from the facts of life, mainly in the business community and in business relationships between us. Indeed, the differences are matters of moods. It has been said, for instance, that there has been a bit of a change of mood between Canada and the United States and that we would like to improve the existing mood.

I want to quote one paragraph from a most thoughtful speech which was made by Mr.

Livingston Merchant, United States Ambassador to Canada, to the Women's Canadian Club of Hamilton, Ontario, on January 22 last. The speech was a very comprehensive review of the differences existing between Canada and the United States. In reading the speech over a moment ago I found it very similar in content to the speech delivered in the other house this morning by the President of the United States. Among other things, Mr. Merchant said this:

> So it is against this background that I say I think I have detected signs of a change in the mood of Canada in the past twelve months in so far as its relations with the United States are concerned. This is terribly important to me and I think it is important to Canadians as well. We are both living in an increasingly dangerous world and, as Benjamin Franklin said during a period when Canada and the American colonies did not see eye to eye, "We must all hang together or assuredly we shall all hang separately."

Honourable senators, I just refer to this speech because these differences are essentially differences that all the people of this country are aware of, and they are not matters of Government or Parliament alone. I think we are aware that the intent of the proposal as contained in this motion is really to fill a blind spot which has existed in our relationships with the United States. Now one wonders, and I wonder, why we have not had such a committee of our Parliament and Congress for many years. In fact, honourable senators will recall that the mover of the resolution (Hon. Mr. Robertson) referred to his visit to Mr. Taft in Washington, many years ago, when a similar proposal was discussed by them. However, things just do not happen until something causes them to happen, and perhaps the cause of the suggestion for establishment of a parliamentary committee are the mild disagreements and misunderstandings we are having with our American friends in the fields referred to by the President of the United States this morning. We are therefore proposing to fill a gap that should perhaps have been filled a long time ago.

It is also necessary, of course, because of the very fact that we know that the Government of the United States, although being just as democratic as ours is, is nevertheless somewhat different in character. I think that is one of the main reasons why the proposed joint parliamentary committee is so appropriate and can be so useful.

As we all know, the Congress of the United States, namely, the House of Representatives and the Senate, are not the "Government" of the United States; they are the legislative bodies only, and the Government of the United States is independent of them. It is different in Canada, where our Government is responsible to Parliament and consequently is a part of Parliament. That is another reason I say there is a gap in our relationships, because we have had no official method of communicating directly with the Congress of the United States.

Our relationships with our friends across the border, of course, begin with our Ambassador and the diplomatic corps in Washington. The diplomatic corps deals only with the President and his cabinet, and not with Congress. That is a fact of which we are all aware.

A week or so ago, in speaking of the fact that we did not have a close enough association with our friends in Washington, a Canadian newspaper advocated that Canada should have a lobby in the United States. I assume it meant a lobby similar to the lobbies maintained by industries and various businesses in Washington. Well, I think everybody recognizes that a lobby in Washington is the last thing we would want to have. How much superior it would be to have an association of the kind suggested by this motion!

Honourable senators, a moment ago I said that between no countries in the world did there exist the same personal relations as exist between the people themselves of the United States and Canada. So I wish now to say just a few words about some of the many personal relationships that our 17 million people have with their approximately 165 million people. Beginning, for instance, with such organizations as service clubs, fraternal organizations, athletic groups, between what other countries in the world are such close personal relationships developed as those resulting from the international aspect of these organizations?

I well recall that during the early war years I was associated with one of these service club organizations, and I never lost an opportunity, particularly before Pearl Harbour, to go across the 49th parallel and talk to my friends in Minneapolis, St. Paul, Des Moines, Iowa, and other mid-Western cities for the purpose of explaining Canada's part in the war at that time and to spread the gospel of international good will. And I was not alone, for there were literally hundreds of other Canadians doing the same thing day by day and year by year. The point is that we were spreading "Canadianism" across the international border, trying to have ourselves and our position in the war understood by the American people.

Another category of relationships I may refer to is that of labour unions, and that is a matter of great importance. As everyone

knows, there is considerable integration between the labour unions of Canada and those of the United States, and they are one of the means, like very many other contacts, that help to create, first, a knowledge of each other, then friendship and understanding.

I wish now to refer to an organization which is well known here, namely, the Canadian Chamber of Commerce, and which calls itself, and indeed is, the "Parliament of Business" in Canada. Since the early thirties there has been in existence a committee known as the Canada-U.S. Committee of the Canadian and United States Chambers of Commerce. That committee consists of some prominent and important businessmen, indeed some of the most knowledgeable businessmen, of Canada and the United States. For more than 25 years the committee has met alternately once a year in each of Canada and the United States for the purpose of discussing and dealing with business problems that occur from time to time between the two countries. One of these meetings was referred to last evening by the honourable senior senator from Ottawa (Hon. Mr. Lambert). The work of that committee has been, to my mind, very important in the business relationships between Canada and the United States over the years. In addition, the directors of the Canadian Chamber of Commerce, a few years ago, started to have joint meetings with the directors of the Chamber of Commerce of the United States, meeting in alternate years in the United States, generally in Washington, and somewhere in Canada. In 1955, when I was president of the Canadian Chamber of Commerce, we met in the city of Washington. Incidentally, I had an opportunity at that time of meeting the President of the United States in his office and having a brief talk with him. The next year the same body met in Canada. These things indicate the mass of relationships between us and the country on the south side of the 49th parallel. For instance, the first official duty I had to perform as president was to go to New York to give a mesage to a convention of *La Chambre de Commerce de la Province de Québec,* which held a meeting, having an attendance of 500 persons, in the city of New York. On that occasion—I say this very quietly—I did try to make a speech in French.

Honourable senators, those are some of the numerous relationships we have across the border in the business world which are designed to create the maximum of friendship and good will between us.

Again, in the military field, we have, as we know, very close relationships. These can be said to begin with the momentous meeting between the late Prime Minister of Canada, Mr. King, and the late President of the United States, Mr. Roosevelt, at Ogdensburg in August 1940, and they include all the subsequent defence and military arrangements we have had jointly with our friends to the south, since that day to the present time.

We can recall that only a few days ago we were concerned in this house with one of these defensive arrangements, namely, in the ratification of the NORAD agreement. During the debate on that agreement I wondered why so many people seem to be concerned about Canada's sovereignty. Well, honourable senators, I suppose ordinarily one should be concerned about the sovereignty of one's country, but one can hardly think of the United States as a foreign country; at least, I find it very difficult to do so, and I can never bring myself to worry very much about this problem of sovereignty when I think of our relationships with the United States.

The honourable senator from St. John's West (Hon. Mr. Pratt) in his speech referred to another point which I might mention briefly, and indeed to my mind this is an important point of contact that Canada has with the United States. I wonder how many of us realize that since about the year 1900 nearly as many people have left Canada, that is, migrated from Canada to the United States, as have immigrated to this country from abroad.

The main reason that we have been growing in population during the last ten years at a greater rate than we did prior to say 1940 is the fact that our people have been staying here in Canada, that they have not been migrating to the United States in the same numbers as formerly. One of the problems of this country in the past was the fact that we were paying great sums of money in an endeavour to attract people to come here but unfortunately we were losing too many of them across the border. But in the result, the great numbers of Canadians who have become citizens of the United States have now become creators of friendship and understanding between our two countries.

By the same token, of course, it should not be forgotten that there are areas in Canada, indeed many in western Canada, which were settled extensively by people coming from the United States. The honourable senator from Churchill (Hon. Mr. Crerar) will recall the considerable number of farm folks who came from the States of Iowa, South Dakota and North Dakota into parts of Saskatchewan in the 1890's and during the first decade of this century, as well as other large numbers from Utah,

Montana and the states south of Alberta into that province. Large communities of our western country are inhabited by American settlers.

And so, honourable senators, that is an important part of our relationships with our friends to the south.

Perhaps the greatest source of good will results from the approximately 27 million visits made each year in the last few years by Canadians visiting across the border and Americans coming to visit us in Canada. The figure of 27 million, which has been published by the Dominion Bureau of Statistics, includes all the people moving across the border. Some of them would be commuters, but the point is that no two countries in the world have the continuous migration of tourists back and forth across their borders as have Canada and the United States. So, when my honourable friend a moment ago referred to the border being 4,000 miles of irritation, I think by the same token you might just as well say that it is 4,000 miles of good will.

Thus, while friendly relationships between Canada and the United States are maintained between our governmental bodies, we also have this vast number of contacts and associations in the various fields that I have spoken about. Consequently, when I read this statement made by Mr. Livingston Merchant at the very beginning of the speech that I referred to a moment ago, I thought it was most significant. He said:

> I arrived in Canada with certain convictions. The first was that Canada is more important to the United States than any other country in the world. Since I came here there has been no alteration in that conviction. It has deepened.

Honourable senators, I think that despite our relationships within the commonwealth and other countries we must admit that if we were asked the question, "What is the most important country in the world to us?" the facts would dictate the reply that it is the United States of America.

I do not intend to detain you much longer, honourable senators, but I just want to refer to a conference that was held in New York two or three years ago by a group of eminent Canadians meeting with their counterparts in the United States. The purpose of this conference was to discuss Canada-United States relations, and this group tried to answer this question: "Why should Canada and the United States be interested in each other?"

Briefly, their reply was in six parts. It reads:

> 1. Each country is the other's best customer.
> 2. We are bound together by a joint interest in national security and defence.
> 3. There is a growing need in all parts of the United States for certain vital natural resources available in quantity from Canada.

Indeed, one wonders what would happen to the United States industrial machine if something occurred to prevent the export to them of the tremendous amount of raw materials that they get from Canada. I think it safe to say that such names as Kitimat, Steep Rock, Ungava, Leduc, Bathurst, Chalk River, are names which now and during the past few years have been nearly as well known across the line as they have been in Canada.

> 4. There is a common background, a common language.

That, of course, is too obvious to require comment; it is so very true. We of course each live under democratic Governments. Both of us believe in religious tolerance, in justice and liberty.

> 5. It is extremely important that we keep alive the tradition of good will that has for many years existed between our two countries.

We are indeed good neighbours over the back fence. If we can't get along together, how can it be expected that any other two countries in the world can get along?

> 6. We have a common interest as partners in a free world.

Those, honourable senators, were the six reasons given by this group as to why these two countries should be interested in each other.

So, in closing these remarks I wish only to say that I heartily support the motion of the honourable senator from Shelburne (Hon. Mr. Robertson). Any action which tends to reduce friction and misunderstanding between Canada and the United States is desirable and important.

Finally, the proposed parliamentary association, if cultivated and developed, and not allowed to die or to fritter away, will create yet another landmark in a wide area of good will, friendship and understanding, which prevails between these two great nations of the North American continent.

Hon. A. K. Hugessen: Honourable senators, we are very much indebted to the honourable senator from Shelburne (Hon. Mr. Robertson) for having introduced this resolution, not only on account of its subject-matter, with which I am sure we are all in the greatest sympathy, but also on account of the extremely interesting and able speeches which his resolution engendered yesterday evening and again this afternoon.

The resolution refers to the establishment of joint parliamentary committees. I am not entirely sure that I altogether approve of the

particular phrase, "joint parliamentary committees". I think the basic purport of the resolution, and the sense in which I take it, is that it is very desirable that there should be continuous joint consultation between the members of the United States Congress and the members of this Parliament. That consultation might of course, and very likely would, take the form of committees, but I think the basic principle which my honourable friend had in mind in preparing his resolution was to make provision for continuous joint consultation. In that connection I fully agree with what my honourable leader (Hon. Mr. Macdonald) said yesterday evening. In effect, he said, it is not the form of these organizations which is really important, as much as is the fact that we get the two groups into personal contact with one another, whether by means of a committee or otherwise; that is the basic essential for understanding between men and between nations. We need this form of continuous joint consultation.

One instance of the sort of thing we need was so beautifully exemplified this morning in the visit which we had from the President of the United States and the remarkable address he delivered to us. But it is four years since his last visit to Ottawa, and four years is too long an interval between these contacts.

I always bear in mind the rather striking phrase that Sir Winston Churchill used some years ago when he said that in our affairs between the United States, Canada and Great Britain, we were inevitably bound to get mixed up together in quite a substantial degree. That of course is eminently true, and it is perhaps even more true as between Canada and the United States than between any other countries in the world.

I was most interested in what the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) had to say to us a few minutes ago about the various fields in which this intimate contact takes place between our two countries and between the various groups in our two countries. As he said, there is of course continuous contact between the executive branches of the two Governments. Each of us has an ambassador in the other country, and there are constant peregrinations between ministers and members of the executive branch of Government.

Talking about ambassadors, perhaps honourable senators will recall that rather caustic statement that was made, I think, at the end of the 17th century by somebody in England, who defined an ambassador as being a man who is sent abroad to lie for his country. I am quite sure that that definition does not apply to the Ambassador of Canada in the United States or to the Ambassador of the United States in Canada.

Well, there is this pretty continuous contact between the executive branches of our two Governments. As the honourable senator from Winnipeg South pointed out, there is a great deal of very profitable contact between elements of private business in the two countries, resulting very largely from what has been referred to as the enormous investment by United States citizens in this country. There is, of course, the most intimate contact on the widest of scales between individuals in our two countries. I do not believe there is a person in this house who would not say at once that some of his or her best and most intimate friends are citizens of the United States.

But there is just this one area in which there does not seem to be any sort of machinery for joint consultation and discussion, and that is precisely the area that we are considering now—the area of discussion between the Congress of the United States and the Parliament of Canada. I think it is to this gap that the honourable senator from Shelburne (Hon. Mr. Robertson) has attempted to address himself. I was very much struck with the statement made in this debate yesterday evening by the honourable senior senator from Ottawa (Hon. Mr. Lambert) when he told us of the attempts he made in 1943 to bring about a meeting between members of the Congress of the United States and members of the Canadian Parliament in connection with some particular question which was then of mutual interest to both countries, and how for some reason it was impossible to bring about that meeting, although there was the greatest of good will on both sides, and how the matter lapsed and could never be followed up. That sort of thing is apt to happen where isolated problems of that kind may interest individual members of both houses but where, despite the best of good will, the members, being busy men, are unable to follow up the contacts and see that something active is achieved.

This brings me to the consideration of how this desirable interparliamentary consultation between the Congress and this Parliament should be brought about. I feel it is essential there should be some form of permanent organization charged with the duty of arranging contacts between the members of the two legislative bodies, arranging for visits back and forth between them, and keeping the members of each body informed of the activities of the other.

We have a precedent for this sort of thing —it has been mentioned in this debate—the

precedent of the Commonwealth Parliamentary Association, which exists precisely for the purpose of maintaining these contacts between members of the various Parliaments of the commonwealth. It is a modest organization and operates on a modest budget, but its great advantage is that it is a permanent organization and has one or two officials whose sole duty and responsibility is to see to the maintenance of these contacts.

I do not need to tell the house that it was under the auspices of the Commonwealth Parliamentary Association that the meeting of the Parliaments of the commonwealth was held last winter in New Delhi, to which the honourable Leader of the Government (Hon. Mr. Aseltine) was a delegate, and about which he gave us such a fascinatingly interesting account in his speech yesterday evening. He emphasized in his remarks the opportunities which he and his fellow delegates from this country had to meet delegates from other Parliaments of the commonwealth and to discuss and consider their problems. That is one of the essential features of bringing people together and creating mutual understanding, and that is precisely what we want to achieve between the Congress of the United States and the Parliament of Canada.

If I may be permitted to diverge for a moment or two in the same way that my honourable friend the Leader of the Government diverged last evening, may I say I had a minor experience along the same lines as he did, when I was in London last April. It happened that the Speaker of the House of Commons and myself were invited by the Secretary of the Commonwealth Parliamentary Association, Sir Howard d'Egville, to attend a gathering in Westminster Hall of about 30 parliamentary delegates from the parliaments of various parts of the commonwealth, comprising some of the more recently constituted parliaments. These people had gone to London to take a course in parliamentary procedure which was being conducted under the auspices of the Commonwealth Parliamentary Association.

The Speaker of our House of Commons and I found the experience a most fascinating one. The gathering included delegates from the Parliaments of India, Pakistan, the West Indies—Jamaica, Barbados and Trinidad—and from the new state of Ghana. Like the Speaker of the House of Commons and myself, the Vice-Premier of New Zealand attended in the capacity of a visitor. I think it was assumed that neither the Speaker of the House of Commons, the Vice-Premier of New Zealand nor myself needed as much training in parliamentary practice as did the members of the new parliaments, so we did not attend the actual tutorial sessions. However, we did have an opportunity of meeting the various members in a social way at tea on the terrace of the House of Commons. I had a most interesting discussion with a distinguished gentleman who was Speaker of the Upper House of one of the Indian states. It was most interesting to me to hear him talk about the relations between the Upper and Lower Houses in that state, and he brought up questions which struck a responsive chord in my mind when he said how difficult it was for the Upper House sometimes to deal with legislation at the end of the session, when it came in a flood from the Lower House. So it is quite obvious that there are common problems in various parliaments of the world.

Honourable senators, that is merely a diversion to indicate the sort of work that the Commonwealth Parliamentary Association does, and perhaps as a footnote to what my honourable friend the Leader of the Government said yesterday evening.

Now, I think that it is all very well for us to adopt this resolution introduced by the honourable senator from Shelburne. I am sure that it will be adopted unanimously and with a great deal of enthusiasm by the Senate. But I do want to point out that I think we should go further than that, that when this resolution has been adopted some machinery should be set up, perhaps by the Governments of the two countries concerned, with modest parliamentary grants, for the purpose of forming a permanent organization in order to carry into effect the meaning and the intent and the purport of what we hope to accomplish when we adopt this resolution.

So I conclude with the hope that this resolution will not only be adopted unanimously, but that it will be followed by practical measures to bring into being the sort of machinery that is needed in order to ensure that there shall be the opportunity for continuous consultation between the members of the Congress of the United States and the members of the Parliament of Canada.

Hon. Arthur W. Roebuck: Honourable senators, I have prepared no great address in connection with this matter, because it seems to me that advocacy of the passing of this resolution is no longer necessary after all the powerful and eloquent speeches that we have heard on the question; but I have had some personal experiences which I would like to lay before the house for the first time.

Of course, I am intensely interested in the subject-matter of the resolution itself.

It has been the principle of the Liberal party, and of course some others, but I think especially of the Liberals, to foster good relations between ourselves and the United States. The honourable Leader of the Opposition (Hon. Mr. Macdonald) in his excellent address referred to a number of arrangements that had been made between our two countries. I was in the Commons in 1940 when Mr. King and Mr. Roosevelt made their historic agreement, with very little legal authority on the part of either of them, but with the practical knowledge of the necessities of the occasion. I refer to the Ogdensburg agreement. It was a generous agreement on the part of the United States, and it enabled Canada to carry out her part in the Great War in which we were then engaged, without serious financial difficulty—something which could not have been done had Mr. King not conceived the idea, Mr. Roosevelt agreed to it, and both nations endorsed it. We acted as real partners in the war from then until its conclusion.

My mind goes back much further than the Ogdensburg agreement. I remember a trip that I took with Sir Wilfrid Laurier, on his first journey over the Transcontinental Railway, which came into being because of his initiative and which I think should be named after him. That was a year or so after the election of 1911. At that time I referred with regret to the decision made by the Canadian people—not so much the defeat of the Government, but rather the repudiation of the reciprocity proposal, and I remember Sir Wilfrid replying with the wonderful eloquence that always characterized him in private conversation and public speeches. He looked dramatic; he had the most kindly of attitudes and expressions. On that occasion he drew himself up and said:

> Why, young man, a commercial warfare between these two great nations is antagonistic to common sense.

I treasure that sentence in my memory, and always will.

As a matter of fact, while we have had a border of 4,000 miles in length—my friend from St. John's West (Hon. Mr. Pratt) said 4,000 miles of irritation—for all these years, we have been able to get along very nicely. There had been no talk heard publicly of general disagreement between our two nations, such as we have heard recently, until the subject was made a topic of a debate in the course of a political campaign. That is the only reason that we are talking about it today—a proposal to take from the United States 15 per cent of our trade and give it to somebody else. It was unfriendly, and it is the basis of the present feeling of uncertainty—the deterioration, as some newspapers of the United States have said, of the relations between our countries. As a matter of fact, the deterioration has been violently over-stated. Relations between ourselves and the United States are very good and I think will remain so. Indeed, I am sure they will, since I listened to that most inspiring address delivered this morning by the President of the United States in the Parliament of Canada, an address most hopeful for our future relations.

That, of course, honourable senators, is general comment that anyone might have made. But I want to say something about the subject-matter that has been dealt with by three of the previous speakers, that is to say, the part which the Commonwealth Parliamentary Association has played and will play in the international relations between ourselves and other countries, including the United States.

After 1945 I was in the Senate when the honourable member from Brantford (Hon. Mr. Macdonald) was the Speaker of the House of Commons. In those days the parliamentary association was very active, and remained so as a result of his patronage, assistance and encouragement. Somewhere about 1947 I became impressed with the non-democratic character of that organization at that time. It had never been really organized, it had just developed—like Topsy, it just grew. It grew because of the activity of Sir Howard d'Egville, who commenced his services in that regard at the Coronation proceedings after the death of Queen Victoria. From that time he devoted his entire life to the promotion of the organization and the purposes which it serves, but he did it as a member of the United Kingdom branch. That is to say, the United Kingdom organized what was at that time the British Empire Parliamentary Association, and Sir Howard formed similar organizations in various parts of the commonwealth, such as Canada, Australia, New Zealand and elsewhere. But the inspiration and control was all in England, at Westminster. The British Parliament paid practically all the cost, except our little local expenses, and the secretary of the United Kingdom Branch managed the whole organization. Sir Howard was general secretary and he was everything, almost. We contributed next to nothing and we had very little voice in the management.

So I moved a resolution in the Canadian branch deploring the organization as it stood and advocating a general organization in which all parties would be equal in status and bear an equal or fair share of the costs. That was carried by the Canadian delegation, and in consequence I re-moved that resolution at the convention in London in 1948, which

I attended as a delegate from Canada. It was a wonderful gathering, just after the war, of delegates from all over the commonwealth. Parliaments which had taken part in the struggles of the war had come through, as you know, with a very great deal of credit and we were royally received by the British and entertained to the very extent of their ability. They were short of food at that time, yet when we travelled from place to place, welcomed by the mayors and heads of state of the various parts of that great kingdom, we were dined on chicken, chicken, chicken. And they had very few chickens. I remember some good lady speaking to Mr. Fauteux, at that time Speaker of the House of Commons and later Lieutenant-Governor of the province of Quebec, and saying to him. "Don't think we dine as sumptuously as you do, not at all; we have not had an egg in the last two weeks". "Well, no wonder," said Mr. Fauteux, "we have eaten all your chickens".

They did treat us wonderfully well, and my resolution that we organize in a general way was carried and enthusiastically supported by the United Kingdom delegation.

One of the difficult problems that we dealt with was the name of the organization. We were agreed on changing it from the British Empire Parliamentary Association to Commonwealth Parliamentary Association, but we were not agreed on whether we should drop the word "British" as the first word in the name. I think it spoke well for the common sense and generosity of the delegates of Canada, Australia, New Zealand and the United Kingdom that we gave way and did not insist upon calling it the British Commonwealth Parliamentary Association because, had we done so, India could not have joined. And perhaps not only India, for we also had trouble in Ceylon and in Pakistan and to some extent in the Gold Coast, in Liberia and other places. It was much easier to have a general association if we avoided the word "British", and we did. And so it is the Commonwealth Parliamentary Association. The resolution was carried by that great convention in London.

May I pause here for a moment to say that we travelled over England and we saw a very great deal of the difficulties the British people faced at that time, the progress that they had made and the greatness of the nation. We also went to Germany. I entered Berlin in 1948 on the airlift, and I looked down on Unter den Linden, for instance, and marvelled at the terrible ruin of that once-magnificent thoroughfare. Berlin was a sad sight, as were all the other German cities that we visited. But it was a very educative trip indeed and I have watched the progress of the German people from that time on with interest and a knowledge that I could not have had but for that experience. For instance, let me say something along the lines of a pet subject of mine.

During the First World War taxes were very high, of course, in Germany. Many of the landowners were unable to carry the burden of taxation upon their property and vast tracts of land went into municipal control. They were forfeited to the municipalities for non-payment of taxes, and the municipalities had the good sense not to put them up for sale at some miserable price and let them pass again into private control. When I was there, just shortly after the close of the war, I was delighted to see many a German man and his wife, and sometimes his children, with a cart loaded with agricultural tools going along the autobahn toward some little plot that they had secured from the municipality and upon which they were growing a magnificent crop of vegetables. Acres and acres of land were made available in that way, on which the factory worker after his day at the lathe, or whatever it was, went into the country and grew food for himself and his family. The worker thus was given access to mother earth, and vast quantities of food resulted. That is one of the explanations of the progress made by Germany in the intervening years.

Well, that meeting of 1948 was a very fine one, and in the following year the executive that was appointed in 1948 in England met in Canada in this building. I had the honour to be the chairman of that gathering and, under direction of the general association, we drafted with the greatest of care a constitution that we thought would last. It has lasted to date, and probably will for many a day in the future. Of course, there were difficulties. For instance, we could not base contributions toward the cost of the association on the population of the member countries, because in that case India would bear an unfairly large share of association costs. Other countries also would be unfairly treated. Because we were together in conference as friends and working in harmony we were able to produce a schedule of contributions and have everyone accept it.

At the meeting of the association representatives in this very building, in 1950, we agreed that in some manner we should bring the United States into our deliberations. In order to accomplish this purpose Sir Howard d'Egville arranged for the whole executive to go to Washington. We were received by the President of the United States, then President Truman, and I had the honour and pleasure of introducing the delegates from these various countries to him. He was most sympathetic and, I thought, remarkably well

informed on subjects within the commonwealth as well as within his own nation.

As an illustration of the cordiality of these people in Washington to an accredited delegation of this kind, may I mention that the Senate of the United States adjourned for an hour so that the senators might become acquainted with the delegates from abroad. This is something we have never done. Certainly it was great courtesy on their part.

Then, we were flown by the United States Air Force down the valley of the Tennessee to see that great development centered at Muscle Shoals.

I am speaking of this, honourable senators, because it shows that the idea conveyed by this resolution is not a new one. In the year following the drawing of the association's constitution, the general convention, held in New Zealand, was attended by two senators from the United States. They did not come all the way to New Zealand. At the end of the conference in New Zealand we adjourned to Australia, and the Americans attended there as observers and conferees and made notable contributions to our deliberations.

I was at that time, in 1950, chairman of the general association, as well as president of the Canadian association; I went to England to preside at the great banquet at the close of the proceedings which marked the opening of the new United Kingdom House of Commons chamber. It was a wonderful experience for me, a Canadian, to preside at such an event. I had Mr. Attlee on one side and Mr. Eden on the other. The speech I made was printed in pamphlet form and circulated all over the Commonwealth.

Afterwards I joined the United Kingdom delegates and went on to the general conference in New Zealand, where I presented to the delegates of more than 50 Parliaments the constitution which we had drafted in this very building, and it was accepted and passed unanimously by them.

Honourable senators, we have not carried on to my satisfaction during the years since 1950, because we lost the inspiration of our then Speaker of the Commons (Hon. Mr. Macdonald). But we do hope that the good advice that he has given us in his speech in this debate will be carried out. This association is a grand institution: it does not pass legislation; it does not advertise; it seldom passes a resolution and its debates are not published, except to its members. But the men and women who attend its meetings as delegates reach an understanding which I fancy could not be achieved in any other way. It is most inspiring to see at one of its meetings representatives from Australia, New Zealand, Canada, the United Kingdom, the Gold Coast, India, and Pakistan rise one after another and express their views on some question of great interest to us all. These very successful gatherings of the Commonwealth Parliamentary Association take place every two years, as the honourable senator from Inkerman (Hon. Mr. Hugessen) has said, with a small budget and with very little expense.

I was most interested in hearing of the experiences of the Government Leader (Hon. Mr. Aseltine) as a member of that organization, because I travelled much the same course as he did. I joined the delegation from the United Kingdom on the road to New Zealand. We called at Karachi, where my honourable friend had so many experiences. We went to Cairo, and I saw the pyramids by moonlight.

I must not reminisce too much about these things. Perhaps it is enough if I say tc honourable senators that this commonwealth organization is a marvelous institution only if we support it and use it. We can use it in our dealings with the United States, perhaps not so well as within our own commonwealth countries, but nevertheless we can use it as a permanent organization. There is no reason why another organization such as is suggested in this resolution should not be put on its feet and work in harmony with the Commonwealth Parliamentary Association, and then it too would be permanent.

The problem is that these movements can die so easily unless there is a driving force behind them. That driving force has been missing in the Commonwealth Parliamentary Association for the past few years, although we did have a general conference in Canada, and also the expedition to which my honourable friend referred last evening.

So, may I say to the honourable senator from Shelburne (Hon. Mr. Robertson) that I thoroughly agree with his resolution and compliment him on bringing it forward. I will certainly vote for it, and I know I will not be alone in doing that; the resolution will, I am sure, be passed unanimously by this house.

Hon. Calvert C. Pratt: Honourable senators, may I, as a matter of privilege, be allowed to offer a word of explanation in connection with a quotation which I made in my remarks this afternoon, and which has been alluded to by two subsequent speakers? I would like it to be clear on the record that the description of the border as "4,000 miles of irritation" referred entirely to the conflicting changes in and interpretations of tariffs and the varying methods of applying customs rules and regulations. I want to say very definitely it had no relation whatever to the feeling of the people on both sides of the border

towards each other, for, as I stated in my address, there is every evidence of abounding good will between them.

Hon. Wishart McL. Robertson: Honourable senators,—

The Hon. the Speaker: Honourable senators, I would remind the house that if the honourable senator from Shelburne (Hon. Mr. Robertson) speaks now his remarks will have the effect of closing this debate.

Hon. Mr. Robertson: Honourable senators, in closing the debate I just wish to thank those who have participated in the discussion and to compliment them on the excellence of their addresses. I also wish to thank honourable members for the very careful attention they have paid to the speeches. One of my main reasons in bringing this resolution before the house, at a time when the idea embodied in it is about to come to fruition, was to call attention to the part which Canadian legislators in both houses of Parliament have played in pioneering this idea.

In conclusion, I wish to express to the Prime Minister our wholehearted support of his idea, as and when it is put into effect.

Hon. Senators: Hear, hear.

Motion agreed to.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 159 to 194, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-124, for the relief of Annie Allish Watson.

Bill SD-125, for the relief of John Spence Brown.

Bill SD-126, for the relief of Verne Alfred Freeman.

Bill SD-127, for the relief of Davina Betsy Snow Campbell.

Bill SD-128, for the relief of Jack Spinner.

Bill SD-129, for the relief of Kaljo Klasman.

Bill SD-130, for the relief of Claude Hector Proulx.

Bill SD-131, for the relief of Mary Florence McLelland Pringle.

Bill SD-132, for the relief of Robert Maurice Sherwood.

Bill SD-133, for the relief of Margaret Jeanette Young Warmington.

Bill SD-134, for the relief of Mary Isabella Cross Davidson.

Bill SD-135, for the relief of Rita Firestone Flax.

Bill SD-136, for the relief of Dorothy June Pearce Tribble.

Bill SD-137, for the relief of Anne Rottermund David.

Bill SD-138, for the relief of Gordon Edwin Limbrick.

Bill SD-139, for the relief of Helen Paperno Bogatin.

Bill SD-140, for the relief of Joseph Victor Cyril Goyer.

Bill SD-141, for the relief of Henry Joseph Haggett.

Bill SD-142, for the relief of Ethel Roe Emond.

Bill SD-143, for the relief of Frederick Wilson Abbott.

Bill SD-144, for the relief of Gilda Rosen Silverman.

Bill SD-145, for the relief of John Luczko.

Bill SD-146, for the relief of Anita Fischer Staub.

Bill SD-147, for the relief of Margaret Irene Dawe Mays.

Bill SD-148, for the relief of Janine Lafontaine Frost.

Bill SD-149, for the relief of Lydia Feodorovna Ovchinnikova Lipsman.

Bill SD-150, for the relief of Donald Malcolm Gangin.

Bill SD-151, for the relief of Marie Louise Plourde Auld Emard.

Bill SD-152, for the relief of Ralph Murrin.

Bill SD-153, for the relief of Bruno Giovanni Albertini.

Motion agreed to and bills read second time, on division.

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

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 279)

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 10.00 a.m.

Mr. Eisenhower was welcomed by the Right Honourable J. G. Diefenbaker, Prime Minister of Canada, and thanked by the Honourable Mark Robert Drouin, Speaker of the Senate, and the Honourable 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 accompanied 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, 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 interests 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 Honourable 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, and 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, thirteen 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 manners of expression need not impair communications among a free people. 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 DEW 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 that 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 that 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 that 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. Secondly, 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 people 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 governments' policies can either expand or restrict your opportunities to sell to us. The same is of course 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 for 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 to practise. 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 to 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 as 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 your 42nd marriage anniversary; 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 English-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 (Mr. Diefenbaker) 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 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.

THE SENATE

Thursday, July 10, 1958

The Senate met at 3 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

LAKE OF THE WOODS CONTROL BOARD BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-25, to amend the Lake of the Woods Control Board Act, 1921.

Bill read first time.

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

Hon. Mr. Thorvaldson: July 22.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I beg to lay on the Table:

Annual Report of the Northern Canada Power Commission, together with the Auditor General's Report for the fiscal year ended March 31, 1958, as required by section 24 of the Northern Canada Power Commission Act, Chapter 196, R.S. (English text).

PRIVATE BILL

CANADIAN WOMEN'S PRESS CLUB—COMMITTEE AMENDMENT CONCURRED IN

Hon. John J. Connolly (Ottawa West), Acting Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-8.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-8) intituled: "An Act to incorporate Canadian Women's Press Club", have in obedience to the order of reference of July 3, 1958, examined the said bill and now report the same with the following amendment:

Page 4: after clause 10, add the following as clause 11:

"11. The head office of the association shall be at the city of Ottawa, in the province of Ontario, or at such other place as the association may determine by by-law from time to time."

The Hon. the Acting Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Connolly (Ottawa West): With leave, I move that the amendment be concurred in now.

Hon. John T. Haig: Honourable senators, in committee this morning I objected to this amendment being made to the bill but my objection was overruled. The issue involved is not a very difficult one and I am not going to press my views on the amendment now, but I want to record my opposition to it.

The amendment deals with the location of the association's head office. For the past 54 years that this organization has been in existence its head office has been at the place where the president lived, so the location of the head office changed whenever a new president was chosen. The bill as originally drawn and presented to this house for first and second reading called for no departure from that practice.

I am not sure what this amendment does mean. It says that the association's head office shall be at Ottawa or at such other place as the association may determine by by-law from time to time. Now, I do not see how at its annual meeting the association can say by by-law that the head office will be at Saint John, Halifax, Toronto, Winnipeg or any other place, unless notice had been given to every member of the organization that a by-law specifying the place of the next head office of the association was to be submitted to that annual meeting. Otherwise, it seems to me another meeting would be required to determine the place of the head office. I rather like the idea of carrying on the old system, namely, that the head office be at the place of residence of the president. The idea as expressed in this amendment accords with a provision that is made in corporation charters. When a company is incorporated a clause is put in the bill stating where its head office will be. Other provisions that are not in this bill are inserted in such a charter. That is all right for corporations that the public have to deal with, but this association is and has been for all these years a private organization. I think it is a mistake to put it on a business basis.

I feel sure that there will be trouble about this amendment among the members, because for the past 54 years they have been used to having their head office wherever the president lived. Also the practice has been to hold the annual meeting in the city where the president for the year concerned lives. If this year the president lives in Montreal, the head office is in Montreal. When the president resided in Winnipeg the head office was in that city. Thus in various years the head office has been in Vancouver, London, Kitchener, Hamilton, and so on. I think that arrangement was better than the one proposed by the amendment to this bill, but the members of the committee did not agree with me.

Honourable senators, I am not asking that the house vote on this question; I am merely registering my opposition to the proposed amendment, for the reasons I have given.

Hon. A. K. Hugessen: Honourable senators, as I was the one responsible for the amendment I should perhaps say a few words in explanation to the house, in view of what the honourable senator from Winnipeg (Hon. Mr. Haig) has said.

Incidentally, I may remark that this amendment was quite willingly accepted by the sponsors of the bill; there was no contest about it at all.

This is what happened: for 54 years this association was an unincorporated body, and as such it did not really matter where its head office was; it could be changed around from place to place. But now the sponsors have come to Parliament and asked for a bill giving them power to incorporate, to hold property, invest money and do certain other things. Under those circumstances it was felt that this association, like every other private and public corporation in similar circumstances, should have some place as a nominal head office where it can sue and be sued, make corporate returns and so forth. That is the whole purpose of the proposed amendment.

With regard to the annual meeting of the association, it is true the president changes from year to year and that it is convenient to hold the annual meeting in the city where the then president lives. But there is nothing to prevent the association from providing in its by-laws that it may hold its annual meeting elsewhere than at the head office of the association. It can take place wherever the president happens to live. I assume that the association will continue to do as it has done in the past, hold its annual meeting in the city where the then president resides.

Motion agreed to.

THIRD READING

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

Hon. Mr. Connolly (Ottawa West): Honourable senators, with leave of the Senate, I move the third reading now.

Motion agreed to and bill as amended read third time and passed.

REMOVAL OF FLAG FROM SENATOR'S OFFICE WINDOW

INQUIRY ANSWERED

Hon. W. M. Aseltine: Honourable senators, on July 1 the honourable gentleman from Rigaud (Hon. Mr. Dupuis) asked the following question:

> Is there any law which forbids a member of Parliament from displaying a flag, not necessarily of his own choice but one that might or might not ever be chosen as the Canadian flag?

There appears to be no regulation covering the point in question. Therefore, my reply to this question is that no person can give a definite legal opinion on a matter such as this. The honourable senator from Rigaud, being a prominent and distinguished practising lawyer in the city of Montreal, will I feel sure, upon reflection, agree with me.

Hon. Vincent Dupuis: Honourable senators, with all due deference to the honourable Leader of the Government (Hon. Mr. Aseltine), I would say his answer is just a little different from what he said yesterday. As reported on page 279 of yesterday's *Hansard* the honourable leader, in replying to my inquiry of a previous date, said:

> I am unable to answer the honourable gentleman's question today, but I have a copy of an order in council, passed in 1945, which I would like to show my honourable friend, and let the question stand unanswered for the present.

The leader has given a definite answer today that there is no legal rule to be applied in a case like this. I am sure that my honourable colleague will not tax me with exaggeration or with being hard to satisfy. I have some knowledge of the democratic system in this country and I am familiar with the principle that a man's home is his castle. This applies to a member of Parliament, even in his office.

Hon. Mr. Aseltine: That has nothing to do with the question I was asked. I was asked if there was any law forbidding a member of Parliament from displaying a flag, not necessarily of his own choice but one that might or might not ever be chosen as the Canadian flag.

Hon. Mr. Dupuis: That is quite correct, and I am glad that the honourable Leader of the Government has repeated my question. I wanted to be informed whether the displaying of a flag, as was done by me, would be forbidden or allowed. Then another question—a very important question—arises: can any person enter the office of a member of Parliament, without his consent and during his absence, and take something away from his office? That is what has happened, and I say it is an infringement of a principle of democracy. In this respect I would quote Rule 47 of the Rules of the Senate of Canada:

> Any senator conceiving himself offended, or injured in the Senate, in a committee room, or any of the rooms belonging to the Senate, is to appeal to the Senate for redress.

Honourable senators, I am sorry I find it necessary to talk about myself but it is my duty to do so on this occasion. May I say that during my entire life whenever I have been offended I have never reacted in a spirit of revenge. I always felt that the person who had wronged me had done so without first pondering on his action, and I always thought that if I insisted that the wrongdoer be punished, his wife or children or mother or father might be affected by it. I am adopting the same attitude in this instance. I do not care who removed the flag but I do care about the principle involved in consequence of such removal, and the matter of redress for the offence which has been committed, and I would like to have a decision by this honourable body. When things similar to this have occurred in the British House of Lords, a member of that house has been given leave to appeal to his peers for comment or decision. Perhaps today is not the proper time to appeal in this way to this honourable house, but I would like to submit the whole question to the house, together with my reason and my motive for doing what I did. I am sure honourable colleagues will have the tolerance to listen to me, and that when they do they will agree with me that this question involves some of the great principles which are inscribed in the Magna Carta; and that it is of great importance that these principles be preserved for ever in this country, no matter in what circumstances they may have been infringed, even if it be in a trivial event like this one which occurred—through my fault, I admit —on July 1 of this year. So, with permission of the Senate, I would like to obtain the right to defend and thoroughly explain my actions at the next sitting of the house or at any time convenient to honourable senators.

CANADA-RUSSIA DELEGATIONS

PRESS REPORT OF STATEMENT BY MEMBER OF COMMONS

Hon. A. Neil McLean: Honourable senators, I would like to raise a question of privilege. I was very much disturbed this morning to read the following dispatch in yesterday's edition of the Toronto *Globe and Mail*, under the heading "Don't Fear Comparisons, Jung's Advice To West":

> Douglas Jung, Progressive Conservative Member of Parliament for Vancouver Centre, said last night that youth groups sent to the Soviet Union by Canada and the United States are primed by their governments to be biased beforehand against Russia.
>
> At the same time, he said, Russian delegations visiting North America never get the chance to meet the people or see the places they want.
>
> Jung, president of the National Young Progressive Conservatives' Association, is attending the 15-nation North Atlantic conference of political youth at NATO headquarters here.
>
> He said in an interview that American and Canadian delegations visiting Russia are "hand-picked, well-briefed by their governments, politically immature and naturally very biased".
>
> Soviet delegations visiting North America were "well-received, wined and dined, but they never get the chance to meet the people they want to meet, or to see the places they want to see".
>
> "The West should be strong enough not to be afraid to have comparisons made," he added.
>
> American and Canadian delegations returning home from Communist countries realized that if they praised the Soviet system too enthusiastically they ran the risk of being branded fellow-travellers.
>
> Jung also said that, although he regards himself as "Canadian first and Chinese second," he could "as a lawyer" see no legal reason for the Canadian Government's refusal to recognize Communist China.
>
> "I can see the moral responsibilities that we have to the Formosan Chinese," he explained.
>
> "But I would have thought it possible to make Formosa a United Nations trusteeship for ten or fifteen years and then to take a plebiscite on its future."

The question I wish to ask as a result of this is, does the honourable Leader of the Government (Hon. Mr. Aseltine) know of any Government policy whatever by which delegates to Russia are hand-picked and briefed to make some biased statement against Russia in any way?

Hon. Mr. Aseltine: No, I know of no such regulation or order. I think the question is not one for this chamber at all; I think it is a question which should be brought up in the House of Commons. This man is not a member of this house.

Hon. Mr. Farris: He is a representative of the Canadian Government, is he not?

Hon. Mr. Reid: Sure; he is a member of Parliament.

Hon. Mr. McLean: This is something that happened in another country; it happened in Paris. We have entertained representatives from Soviet Russia, as for instance the Minister of Fisheries and staff, and found them very fine people. We opened up the whole show. I had no instructions from anyone, and certainly would not take any.

Hon. Mr. Brunt: Have you had any instructions from this Government?

Hon. Mr. McLean: No, none whatsoever. That is what I want to find out about, where those instructions to which he refers come from. As I say, we opened up the whole show, showed them all our plants, let them talk to our fishermen and employees of all kinds; they had absolute freedom and we answered their questions in every way, and I do not think any of that party, which was very large, would have any reason to think they did not see everything they wanted to see. We took them over in a boat and showed them the late President Roosevelt's home,

and fishing boats, and anything they wanted to see, and answered all questions put by them.

Hon. Mr. Thorvaldson: How do you know the newspaper report is accurate?

Hon. Mr. McLean: Well, it is like all newspaper reports. I do not think the *Globe and Mail* would publish a dispatch of that kind unless there was a great deal of truth in it.

Hon. Mr. Reid: Let the member himself deny that it is not true.

Hon. Mr. Brunt: Why should he? He has no obligation to deny it.

Hon. Mr. Farris: The Montreal *Gazette* carried the same story by Reuters, which is a very responsible organization. It seems to me—if, Mr. Speaker, I am not out of order in replying to my honourable friend the Leader of the Government, who said this is a matter for the House of Commons—that this is a matter for the people of Canada, and I would like to know what status this man has over there. That seems to me to be of primary concern. I know that he is a Member of Parliament, and I know that he is the President of the Young Conservatives Association, but he is over in Paris as, I presume, the head of this organization that is mentioned. Is he paid? Are their expenses paid by the Dominion Government? And just whom does he represent, and what right has this Chinaman to make these statements in Paris on behalf of the Canadian people?

Hon. Mr. Aseltine: Surely the honourable senator does not expect me to answer that question. I have never seen the article at all, and I do not know if it is correct or not. If it is a question, let it be put on the Order Paper in the usual way.

Hon. Mr. Farris: I am only challenging the statement of the honourable leader that this is not a matter for us but for the House of Commons.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move that when the Senate adjourns today it stand adjourned until Tuesday next, the 15th day of July, 1958, at 8 o'clock in the evening.

Motion agreed to.

DIVORCE

BILLS—THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-124, for the relief of Annie Allish Watson.

Bill SD-125, for the relief of John Spence Brown.

Bill SD-126, for the relief of Verne Alfred Freeman.

Bill SD-127, for the relief of Davina Betsy Snow Campbell.

Bill SD-128, for the relief of Jack Spinner.

Bill SD-129, for the relief of Kaljo Klasman.

Bill SD-130, for the relief of Claude Hector Proulx.

Bill SD-131, for the relief of Mary Florence McLelland Pringle.

Bill SD-132, for the relief of Robert Maurice Sherwood.

Bill SD-133, for the relief of Margaret Jeanette Young Warmington.

Bill SD-134, for the relief of Mary Isabella Cross Davidson.

Bill SD-135, for the relief of Rita Firestone Flax.

Bill SD-136, for the relief of Dorothy June Pearce Tribble.

Bill SD-137, for the relief of Anne Rottermund David.

Bill SD-138, for the relief of Gordon Edwin Limbrick.

Bill SD-139, for the relief of Helen Paperno Bogatin.

Bill SD-140, for the relief of Joseph Victor Cyril Goyer.

Bill SD-141, for the relief of Henry Joseph Haggett.

Bill SD-142, for the relief of Ethel Roe Emond.

Bill SD-143, for the relief of Frederick Wilson Abbott.

Bill SD-144, for the relief of Gilda Rosen Silverman.

Bill SD-145, for the relief of John Luczko.

Bill SD-146, for the relief of Anita Fischer Staub.

Bill SD-147, for the relief of Margaret Irene Dawe Mays.

Bill SD-148, for the relief of Janine Lafontaine Frost.

Bill SD-149, for the relief of Lydia Feodorovna Ovchinnikova Lipsman.

Bill SD-150, for the relief of Donald Malcolm Gangin.

Bill SD-151, for the relief of Marie Louise Plourde Auld Emard.

Bill SD-152, for the relief of Ralph Murrin.

Bill SD-153, for the relief of Bruno Giovanni Albertini.

Motion agreed to and bills read third time and passed, on division.

NARCOTIC DRUG TRAFFIC

PROPOSED IMPLEMENTATION OF SPECIAL COMMITTEE'S RECOMMENDATIONS—DEBATE CONCLUDED

The Senate resumed from Thursday, July 3, the adjourned debate on the inquiry of Hon. Mr. Reid calling the attention of the Senate to:

—prevalence of narcotic addiction in Canada and the desirability of introducing legislation to implement the recommendations of the Special Committee of the Senate on the Traffic in Narcotic Drugs in Canada, which reported to this house on 23rd June, 1955.

Hon. F. W. Gershaw: Honourable senators, in 1955 a special committee of the Senate inquired into the whole problem of drug addiction in Canada. As the chairman, the honourable member from New Westminster (Hon. Mr. Reid), has stated, some very eminent witnesses were examined, and their suggestions should not be allowed to pass into the limbo of forgotten things.

It was pointed out that the illicit use of drugs has been common in almost every country and in every age. Five thousand years before the birth of Christ opium was used by Helen of Troy to bring on forgetfulness of pain and evil. On down through the ages Chinese peasants have used opium to assuage and dull the pangs of hunger.

Now, the World Health Organization has inquired into this problem and it has defined narcotic addiction as a chronic intoxication with the following characteristics: (1) A compelling and overpowering desire to continue the use of the drug and to get it by any means. (2) A tendency to increase the dose. (3) A mental and sometimes a physical dependence on the drug. In other words, it becomes a way of life and it can only be replaced by a different way of life—a change that does not happen very often with a narcotic addict.

Addiction as an avenue of escape from the troubles and realities of life is a dangerous thing. It leads to selfishness, poverty, misery and crime, and the addict loses all respect for honesty and ordinary morals. He thinks little of his parents, his wife and children; he thinks only of how he can get more drugs. He neglects his person, his health and certainly all his social responsibilities.

In Canada, of course, an addict is not regarded as a criminal unless he is found in illegal possession of drugs. And so all sorts of ingenious devices are contrived for the purpose of hiding the drugs. Addicts wrap the stuff in cellophane and if they are searched by a policeman they swallow it; they cut cavities in the heels of their shoes and carry the drug there.

The question arises, why does anybody become addicted to drugs? Well, in the first place, those who have easy access to a drug often fall for it—doctors, nurses, chemists and so on—and sometimes people who were given an opiate for pain continue to use it after the pain disappears. But the largest group of users who cause trouble in this country are those who get narcotics by illicit means. They are sometimes normal people who take a drug as an experiment or for the thrill it gives them. Such persons are probably classified often as being a little below the normal average, or possibly they have a weak personality. They may be alcoholics or juvenile delinquents. Many of them live in miserable tenements or taverns, in broken homes or slums, where there is no regularity of meals. Frequently they have had no special training; they indulge in idleness, and they associate with criminals, some of whom may be addicts.

The question arises, where do people who traffic in drugs get them and why do they engage in the traffic? The answer in part at least is that the profit on the sale of narcotics is very high. An ounce of heroin is worth about $12 wholesale; when it is divided up and put into quarter-grain capsules it sells at something like $5,000 to $8,000. So the pusher makes a tremendous profit on these drugs, and the poor victim who needs four or five capsules a day has to rustle up $25 every day in order to keep his appetite satisfied and to escape the terrible pains of withdrawal. I shall not deal at length with the pusher or the trafficker, because he is seldom an addict. I shall touch briefly on the question of treatment of addicts.

The initial step in combating drug traffic is of course to prevent drugs from getting into the country by vigorously enforcing the laws. The R.C.M.P. have been working towards this end for 20 or 30 years, but still there are upwards of 3,000 addicts in the country. Heroin is not manufactured in this country and it is illegal to import it for any cause whatsoever, yet it does come in from secret factories in Europe and other places. How to prevent its entry into the country is a very difficult problem.

One means of treatment suggested to the committee was the establishment of supply centres, so-called clinics where the poor addict can come and get the supply he needs. But the great majority of witnesses thought that such treatment would be a failure. They feared the addict would get his requirement of drugs early in the day and spend the rest of the day looking for more, because the addiction is progressive.

Somebody else suggested that addicts should be put in jail. Well, some of them would like to be put in jail. They are thin, anaemic, run-down individuals, poorly clothed and poorly

fed. When they are sent to jail they have to go through the terrible suffering that results from being deprived of the drug, and after that they usually gain weight. But that is not very satisfactory treatment. They become restless and perhaps resentful, and long for the ecstasy of what they call a "fix"; they long for the relief that it will bring—the tranquility, the glow through their system, and the very beautiful dreams and visions which they experience. The result is that when they get out of jail they go back to their habits.

One girl who came before the committee had been in jail for three months, yet two hours after she left the jail she had had a "fix". Another individual told us that he had been six or eight years in jail and when he got out he started to use opium again. There is a mental craving that continues.

Somebody suggested that addicts be shipped to an island in the ocean and kept there. Well, that would involve tremendous capital cost. In the first place, we could never round them all up, and even if we could the result would be about the same as if we put them in jail.

One doctor who had carried out a very interesting experiment came before the committee. He had taken seven addicts, two married women with their husbands and three others, all well-to-do people, and by co-operation and hard work on the part of the doctor over many months their consumption was cut down from four to eight grains a day to one-twentieth of a grain a day, and he hoped that they would stay at that. But along came a period of stress, some excitement, some worry, and one by one they all gradually went back to taking large quantities of the drug.

Then a Salvation Army officer appeared before us and pointed out that their officers had worked for 70 years along "Skid Row". He told of how they had contacted the prison population of the large cities and dealt with the derelicts and dregs of society, and he made the statement that there can be no moral or social reformation without a new moral life. He presented some case histories that were most impressive. He pointed out that sometimes magistrates and police officers treat these people with a great deal of harshness, whereas the Salvation Army treats them with firmness, kindness and friendship, with some good results.

A distinguished jurist once said, "There is no justice without humanity." We heard the history of one unfortunate man named Charlie. Charlie had acquired the drug habit, had taken treatments in the sanitarium, had been in jail at different times and had been in and out of hospital, and at the final stage was practically down and out. He came to the Salvation Army for some Divine help. That was 15 years ago. Charlie is now a prominent merchant in the city of Chicago, and two years ago was voted "The Man of the Year" in that city. The Salvation Army people are very proud of that particular case history.

The majority of the witnesses who appeared before our committee pointed out that prevention of trafficking was the most important factor in reducing addiction, but of course it is very difficult to achieve. We are brought back to the need for better homes—many of the unfortunate addicts come from broken homes—and the need for an improved economic condition for everyone.

Witnesses also stressed the necessity of preventing drugs from coming into the country, and of effectively dealing with traffickers. They also pointed out that people with weak personalities, especially school children, might be helped by being given special care and instruction. Of course, no one suggested instruction be given in schools on the evils of the narcotic habit; all seemed to consider that a dangerous thing to do. However, it was felt that drug addiction should be regarded as a disease to be reported in the same way as typhoid, tuberculosis and some other contagious diseases; they suggested also that it come under the Mental Health Act, so that treatment would be compulsory.

As a matter of fact, there is no magic cure for drug addiction; there is no wonder drug that can take away the awful craving that an addict suffers. It was suggested that the treatment practised at the centre in Lexington, Kentucky, be tried out in Canada. There the addict is kept in hospital for two weeks until he gets over the withdrawal symptoms, when he is given guarded care for another eight months.

This treatment was not altogether satisfactory and it was felt that there should be more follow-up care. It was suggested that addicts should be taken in groups of 20 or 30 to a large rooming house or private hospital where they could be kept under the care of rehabilitation officers; in that way their health could be observed, and they would have companionship and a fair measure of happiness. Above all, they would have an occupation, which is most essential to the helping of a drug addict who, so often, has no occupation. This isolation treatment, it was felt, should be continued as long as was necessary. From time to time the capabilities of the inmates would be assessed: some of them might be allowed out, while others might expect to remain there the rest of their lives.

One police officer, who had 26 years' police experience, testified that he had never seen a confirmed addict cured. Even at Lexington the authorities feel they can effect a cure in only about 13 per cent of those who come for treatment.

But, regarding drug addiction as a disease, it is entirely against medical practice and teaching to give such an individual drugs or allow him to obtain a given quantity of the very substance that is bringing about his ruin. That treatment would be a defeatist attitude. That is not the attitude that has created the great advances in medicine and the treatment of human ills. Great advances were made by study, research and thought; and, although the way upward was often steep and rugged, the summit has been reached in many fields. The summit, I believe, can be reached with the treatment of drug addiction. What a blessing it would be if the 3,000 addicts in Canada had some available means of treatment which would hold out some cure for them! Indeed, it would be a great blessing to them, to their friends and their relatives.

After listening to the evidence that was produced before the committee, it seems clear that the situation is serious enough to call upon those in authority to persevere in finding a cure, to direct the deep reserves of research into the operation and establishment of some system which, in the light of the knowledge we have at present, will hold out some hope of cure for drug addicts.

Hon. W. Ross Macdonald: Honourable senators, before this debate is concluded I would like to repeat to some extent what I said at the time the committee brought in its report.

As honourable senators will remember, in 1955 the Senate set up this committee which was referred to as the Special Committee on the Traffic of Narcotic Drugs in Canada. I recall that its members were so self-sacrificing that they gave up their Easter recess in order to visit certain parts of Canada. They sat for some days in Vancouver and heard witnesses there. As I say, that was done at a time when the rest of us were vacationing at our homes.

They made a thorough investigation of this very difficult problem and brought in a report that received most careful attention by both the Department of Justice and the Department of Health and Welfare.

A few days ago we heard a very interesting address on narcotic drugs by the honourable senator from New Westminster (Hon. Mr. Reid), who was chairman of the committee, and today we have heard an equally inspiring speech by the honourable senator from Medicine Hat (Hon. Mr. Gershaw). These two senators are well informed on this subject. I am sure I speak for all honourable senators when I express our appreciation to all the members of that committee for the fine service they have rendered in this connection to Canada.

As the senator from Medicine Hat has just said, this is a problem which must be faced and a solution must be found. I gathered from the remarks of the senator from New Westminster that it is being proposed by certain people that drug addicts be treated by way of administration of drugs through clinics. As I recall the report of the committee, it did not recommend such treatment. I am not sure that such treatment should be recommended. My understanding is that the whole question of the treatment of people who are addicted to this habit is receiving the consideration of the department. Once again thanking the committee for the splendid work it rendered, I think I can safely say that no change will be made without careful reconsideration of this whole report.

TRUST COMPANIES BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

On the Order:

Second Reading of Bill S-11, intituled: "An Act to amend the Trust Companies Act"—(Honourable Senator Aseltine).

Hon. Mr. Macdonald: Honourable senators, before we proceed with the second reading of this bill I would point out that copies of it were placed on the desks of honourable senators only 10 minutes ago. I reserved part of my morning for a study of Bills S-10 and S-11, and when I looked for them on my desk I could not find them. I had my secretary search the office for them, and when she could not find them an inquiry at the Distribution Office disclosed they had not been printed. I do not know what Bill S-11 contains, but according to the Order Paper it received first reading in this house Tuesday night. For some reason it has taken almost 48 hours to have copies printed and distributed to honourable members. I am certainly not in a position to discuss the measure now and if it is presented for second reading today I propose to move adjournment of the debate in order that I may peruse the bill. I cannot agree to having the bill receive second reading this afternoon.

Hon. Mr. Brunt: Honourable senators, I can only say that no one in the Senate can be held responsible for the operations of the Queen's Printer. The bill was sent to the Queen's Printer after it had been given first reading on Tuesday evening, and it was only a few minutes ago that the printing was completed and copies were distributed in this

chamber. If any honourable senator can tell me how to get bills printed more quickly than they are being printed at present, I will certainly welcome such information.

Hon. Mr. Macdonald: I was not blaming the honourable senator from Hanover (Hon. Mr. Brunt). All I was suggesting was that in a case like this he should not expect us to give a bill second reading before we have had an opportunity of reading it.

Hon. Mr. Brunt: I have no objection to the honourable Leader of the Opposition (Hon. Mr. Macdonald) moving adjournment of the debate but I want this house to realize and understand that it is no fault of the officials of the Senate that copies of this bill reached here only a few minutes ago.

Hon. Mr. Macdonald: Nobody suggested that.

Hon. Mr. Brunt: Everything was done to have this bill printed and distributed as expeditiously as possible.

Hon. Mr. Roebuck: Honourable senators, I want to say a word in support of what the honourable Leader of the Opposition (Hon. Mr. Macdonald) has said. I do not think there is any criticism whatever with regard to the printing of the bill and I fancy that if we had the printers here they could explain their action in the matter. Nobody is calling anybody into question in that regard, but I do call into question the presentation of this bill for second reading or discussion at all today. There are on the Order Paper a bill to amend the Trust Companies Act and a bill to amend the Loan Companies Act. Both are important and would have far-reaching effects. I have not been able to read them of course, but you may remember that when the bills were introduced I asked for a short explanation. The explanation then given was helpful, but I should like to have an opportunity to read the bills before they are even discussed in this chamber. I therefore suggest we do not proceed with any further explanation of them until we reassemble at the beginning of next week.

Hon. Mr. Euler: May I ask a question? Are the trust companies or the loan companies themselves the instigators of the bills?

Hon. Mr. Brunt: They are the instigators of two of the main amendments in the bill before us, and when the Government decided to proceed with these two amendments it added to the bill three amendments that it desired.

While I am on my feet may I say that I should like to have an opportunity of making the Government's statement on the bill today. Then the honourable leader opposite (Hon. Mr. Macdonald) could move adjournment of the debate and honourable senators would have ample opportunity to study the bill and go over my remarks. I think honourable senators would then be better prepared to discuss the bill on Tuesday night. If the honourable leader opposite moves adjournment of the debate after I have made my explanation, I do not see how any senator could be critical of that procedure.

Hon. Mr. Howard: Honourable senators, I do not want in any way to delay the bill and I would like to hear the explanation that is going to be given. However, representing as I do not only a constituency but quite a large district in Quebec, I would like time to consult the trust companies in my bailiwick and learn what they think about the bill.

Hon. Mr. Brunt: Does my honourable friend realize that this bill applies only to 10 trust companies that have been incorporated under dominion legislation? It has no application of any kind whatever to any trust company incorporated under the laws of any province. I think my honourable friend will find that most of the trust companies operating in Quebec are incorporated under provincial laws and that this bill does not affect them in any way.

Hon. Mr. Howard: That is not quite the fact. There are several trust companies in Quebec incorporated under dominion charter. There are also several incorporated under provincial charter and, because of a deal that was put through some time ago, I can appreciate that it is quite a different proposition whether a trust company is incorporated under a provincial or under a federal charter. Although I do not believe it would change my argument, I would first like to make sure the trust companies in my section of the country are agreeable to this legislation.

Hon. Mr. Aseltine: Would not the honourable gentleman from Wellington (Hon. Mr. Howard) be in a better position to do what he has suggested if he heard the explanation of the bill today? He would then know what the bill was about and he could discuss it with officials of the trust companies in his district. The bill does not have to be given second reading this week or even next week.

Hon. Mr. Howard: That is exactly what I said at the outset of my remarks, that I would like to hear the honourable senator's explanation before dealing with the bill.

Hon. Mr. Farris: Has the honourable senator from Hanover (Hon. Mr. Brunt) a reason for wanting to explain the bill on second reading today?

Hon. Mr. Brunt: I am here today and I am prepared to make the explanation today.

Hon. Mr. Farris: That is no reason.

Hon. Mr. Brunt: Well, if that is no reason then I haven't a reason.

Hon. Mr. Roebuck: Will the honourable gentleman be here Tuesday night?

Hon. Mr. Brunt: At the present time I do not know. In any event, we have to have a motion for second reading if I am to proceed with an explanation. I therefore move that the bill be read a second time now.

Honourable senators, Bill S-11 is an Act to amend the Trust Companies Act. This particular legislation applies to 10 trust companies in the Dominion of Canada which have been incorporated under the dominion statutes or under the authority of Parliament.

Hon. Mr. Euler: Could my friend give us the names of the companies?

Hon. Mr. Brunt: I was just going to do that. The following are the ten trust companies: The Canada Permanent Trust Company, The Canada Trust Company, Chartered Trust Company, Commercial Trust Company, The Eastern Trust Company, Guaranty Trust Company of Canada, The Premier Trust Company, Prudential Trust Company Limited, The Sterling Trust Corporation, and Investors Trust Company. Honourable senators will find these companies, with one exception, listed on page 19 of the Report of the Superintendent of Insurance for Canada for the year ended December 31, 1956, under the title, "Loan and Trust Companies". The only change that it is necessary to make in that list is to strike out "The Western Trust Company" and substitute "Investors Trust Company", and the ten trust companies in Canada to which this bill applies will be complete.

As I have stated, the bill has no application to any trust company which has been incorporated under the laws of any province of Canada.

There are two main amendments contained in this bill for the benefit of trust companies, and which have been requested by trust companies, and these briefly are as follows: First, the bill authorizes trust companies in their annual statements to carry dominion and provincial Government bonds at their amortization value rather than at their market value. Secondly, the bill extends the borrowing powers of trust companies from ten times their unimpaired paid-up capital and reserves to twelve and one-half times their unimpaired capital and reserves.

The above mentioned ten trust companies have been pressing the Government for a number of years for these two amendments, and the Government on agreeing to amend the act as mentioned above decided to include the three following amendments; First, the act now in existence specifies that the minimum capital each company was required to have before it could commence business was $250,000 of subscribed capital, with at least $100,000 paid thereon. Under the amendment proposed in this bill it will be left to the special act incorporating each company to specify the minimum capital before it may commence business, this being the same provision as is now contained in the Insurance Act under which insurance companies are incorporated. Secondly, the bill provides that these trust companies shall now file their annual statements with the department rather than with the minister, the minister being the Minister of Finance, this being the practice as it now exists under the Insurance Act. This is really an administrative convenience that will assist the department in the administration of the Trust Companies Act.

Hon. Mr. Connolly (Ottawa West): How?

Hon. Mr. Brunt: Well, under the old act the statements are forwarded to the Minister, then the Minister's clerk picks them up and sends them to the Superintendent. That applies only to the ten companies. Under the Insurance Companies Act I think there are at least 250 companies that file statements with the Superintendent. All the statements come in directly to him, and he has machinery and facilities set up to deal with them as they come in.

Hon. Mr. Euler: Are these three additional amendments proposed on the recommendation of the Superintendent of Insurance?

Hon. Mr. Brunt: Oh, yes. The third change relates to the form of the annual statement. Originally the form of the annual statement required to be filed by the companies when the act was passed in 1914 was set out as Schedule B to that act. However, there was power in the act whereby the minister might change the form of the statement in order to obtain additional information about trust companies, with the result that over the years the form of statement has been materially changed, so that it now bears no resemblance to the form as set out in Schedule B to the act as passed in 1914.

I have a copy of the statement here, if any honourable senator would like to see it. A great deal of information is required, much of which was never mentioned in the statement as set out in the original act.

The proposal now is to remove the form from the schedule altogether by repealing

the schedule, and to leave the form of the statement to be determined by the minister in the same fashion and manner as under the Insurance Act.

Now to deal briefly with the bill clause by clause:

Clause 1. Heretofore "Department" has never been defined, because it was never referred to in the Trust Companies Act. Clause 1 fully defines the word "Department", and this is necessary more particularly by reason of the necessity to file statements with the department rather than with the minister, as provided in clause 11 of this bill.

Clause 2 makes one simple change in describing the provisional directors. The word "description" has been changed to "calling" in order to really clarify the occupation of the provisional director, and further to make this provision consistent with the corresponding provisions in the Loan Companies Act and in the Insurance Act.

Clause 3 simply sets forth the model of the bill which in future will have to be presented to Parliament in order to incorporate a trust company, and such model bill is set out in detail in the schedule to this particular bill. Previously there were two schedules, the first setting forth the model bill, and the second the form of the annual statement. The latter schedule is being repealed and will no longer form any part of the act, and from now on there will only be one schedule to the act which is the model bill.

Clause 4 sets out certain provisions which must be complied with before the provisional directors can call a meeting of the shareholders.

Clause 5 sets forth in detail the conditions which have to be complied with before the company can commence business.

Clause 6 deals with a description of the capital stock and sets the par value of the capital stock at $100 per share. The capital requirement is being removed since it has been found that it is entirely inadequate for this day and age. I believe it was formerly $250,000. On making a search I found that during the past thirteen years there have been three trust companies incorporated, and in each case the subscribed and paid-up capital was $1 million. Every honourable senator will realize that a figure of $250,000 is most unrealistic in this day and age.

Hon. Mr. Power: Could the company be incorporated with a capital of $250,000 under the new amendment?

Hon. Mr. Brunt: A company could be incorporated with any amount of capital that is set out in the model bill, which I will refer to later and which is the schedule to this bill, but I doubt very much if the Superintendent of Insurance would ever agree.

Hon. Mr. Power: Is there anything to prevent him?

Hon. Mr. Brunt: Not under the act. An application could be presented to Parliament for incorporation of a trust company with a capital of $50,000, if so desired, and if Parliament passed it the company could be incorporated with that amount of capital, but I doubt if it would ever be able to do business.

Hon. Mr. Euler: What was the reason for lowering the amount?

Hon. Mr. Brunt: The only change made was that the quarter-million dollars was taken out.

Hon. Mr. Euler: But why take it out?

Hon. Mr. Brunt: Because it is an unrealistic figure. In the last thirteen years there have been only three trust companies incorporated, and in each case the capital was $1 million.

Hon. Mr. Euler: I understand that, but you are making it possible for a company to apply for incorporation with a capital of any amount less than a quarter-million.

Hon. Mr. Brunt: Yes, but I do not think that Parliament would ever pass it.

Hon. Mr. Euler: I see.

Hon. Mr. Brunt: Well, if you want to amend it further it can be done in committee.

Hon. Mr. Euler: I would say, put the limit up rather than down.

Hon. Mr. Brunt: Well, we can do that in committee. This is one of the amendments that is being asked for by the department, not by the trust companies.

Hon. Mr. Roebuck: They do not care; they are already incorporated.

Hon. Mr. Brunt: That is right, they are in business.

Hon. Mr. Crerar: This would make it easier to incorporate companies, would it not?

Hon. Mr. Brunt: I do not know whether it would make it any easier or not, but I do not think you would ever get a bill through Parliament with such a provision in it. Would you approve a bill against the advice of the superintendent? Would you go against the advice of officials of the department?

Hon. Mr. Power: I have done that many a time.

Hon. Mr. Euler: Why make smaller capital possible, even if it is improbable?

Hon. Mr. Power: I was not quite satisfied with the explanation given by the honourable senator as to why it is proposed to dispense with this floor of $250,000. The argument of my honourable friend was really that the floor should be raised, because he said every company that has been incorporated in the last thirteen years has had a capital of $1 million.

Hon. Mr. Brunt: That is correct.

Clause 7 deals with the books of account which the trust company will be compelled to keep. I think this is the important part of the clause: the books of account showing the liabilities of the trust company to the public shall be kept separate and distinct from the other books of account of the company.

Hon. Mr. Power: That is in the present act?

Hon. Mr. Brunt: Yes.

Hon. Mr. Power: There is no change there.

Hon. Mr. Brunt: There is a change there.

Hon. Mr. Power: Not in the present section. The only change seems to be the addition of the words "adequate to enable it to prepare" in the first part of the clause, so that it would read:

> The company shall keep books of account adequate to enable it to prepare the annual statement required by section 72,—

Surely you expect any trust company to make adequate statements. I do not know how the addition of the word "adequate" would strengthen the legislation. That appears to be bureaucratic.

Hon. Mr. Brunt: I did not draft the bill.

Hon. Mr. Power: But you are stuck with it.

Hon. Mr. Brunt: Well, it is not a bad bill with which to be stuck.

Clause 8 contains a very simple amendment. It adds a new court to those specified in the act, namely, the Territorial Court of the Northwest Territories. This court has been set up recently.

Hon. Mr. Connolly (Ottawa West): Before going on with clause 8, would the honourable gentleman say, in connection with clause 7, if there is a section in the act which provides for the making of regulations so that the companies concerned would know whether they were keeping books of account adequate within the meaning of the word in clause 7?

Hon. Mr. Brunt: I think the answer will be found in a section further which provides for inspection of the books of the companies by officials of the Superintendent of Insurance.

Hon. Mr. Roebuck: Who is competent to determine whether the books being kept are adequate?

Hon. Mr. Brunt: I should think the company's auditors would be quite competent to determine that. In any event, the officials of the department who make an independent inspection of the books of all trust companies which are incorporated under dominion legislation would be competent.

Hon. Mr. Roebuck: You think the Superintendent of Insurance could say to a company, "This is not adequate, you must do it differently"?

Hon. Mr. Brunt: Very definitely. His inspection of the books of any trust company is a very close inspection and in certain cases he has uncovered matter that the companies' auditors let go by.

I come now to clause 9. All trust companies in addition to filing an annual statement were always required to file a copy of their auditor's annual report. In the past such auditors' reports have always been filed with the minister, but from the passing of this bill the auditors' reports will be filed along with the annual statement and deposited with the department.

Clause 10 deals with the first request of the trust companies, namely, that of increasing their borrowing powers from ten to twelve and one-half times the amount of the unimpaired paid-up capital and reserve of the company. Borrowed money includes in the main: (1) moneys borrowed from a bank or a lending institution or an individual; (2) moneys on deposit in savings and current accounts; (3) moneys left in trust for investment, the repayment of which is guaranteed by the trust company.

For such money trust companies issue certificates which are commonly known as guaranteed investment receipts and/or guaranteed investment certificates.

In connection with this particular clause I would like to add the following remarks.

At the present time trust companies are limited to accepting deposits by way of guaranteed investment receipts and certificates and savings deposits to a total amount of ten times their unimpaired capital and reserve.

Presumably this restriction is in the interest of guaranteeing depositors of the safety of their moneys and to this extent the theory is praiseworthy. However, the restriction is much more onerous in the case of trust companies than in the case of other institutions accepting moneys from the public. The banks are not so restricted. For example, the Canadian Bank of Commerce and the Toronto-Dominion Bank have deposits totalling

approximately twenty-six times their capital and reserve; the Royal Bank of Canada and the Imperial Bank of Canada are eighteen times; the Bank of Nova Scotia, seventeen times; the Banque Canadienne Nationale, twenty-one times; and the Bank of Montreal, fourteen times. Similarily, in the case of life insurance companies there is no prescribed ratio between the amount of public money which they may receive and the size of their capital. As a matter of fact, the recent legislation permitting mutualization of such companies recognized that institutions of this nature may, with propriety, accept money from the public for which they have an obligation to repay without any capital whatsoever.

Honourable senators will recall that at the last session amendments to the Canadian and British Insurance Companies Act were passed under which stock companies can now get rid of their stock and become mutual companies. In view of the excellent record of the Canadian trust companies for the security of depositors, it is therefore appropriate that this limit be raised from ten to twelve and one-half times, as is proposed by this bill.

Hon. Mr. Connolly (Ottawa West): Would the honourable gentleman tell us whether those figures which he gave are for one specific year or are average figures?

Hon. Mr. Brunt: I would say they are the figures that existed during the earlier part of this year when I prepared these remarks.

Clause 11 relates to the filing of the annual statement with the department, rather than with the minister. This is one of the amendments which the department asked for.

Clause 12 deals with the second request of the trust companies.

Hon. Mr. Euler: Before my friend leaves that point, may I ask a question? The present law provides that the companies cannot lend more than ten times their paid-up capital and reserves. Could he tell me whether with respect to the provincially-incorporated companies there is any variation in that regard?

Hon. Mr. Brunt: I have no information on that point, and I think the department in Ottawa has little or no information about it. The inspection of the books is made by provincial officials, and the federal department has little or nothing to do with them.

Hon. Mr. Euler: I just asked the question for information.

Hon. Mr. Roebuck: I am wondering if this legislation is for the purpose of putting in line a company that has already accepted for deposit more than it has any right to accept.

Hon. Mr. Brunt: I do not think so. The companies have for years been trying to get this legislation through Parliament, and the department has finally decided to go along with them. I do not think it is for the benefit of any one trust company, but for the benefit of the ten companies which I named earlier.

Clause 12 deals with the valuation at which companies may carry dominion and provincial bonds in their annual statements. Previously such bonds were required to be carried at the market value. Now the companies will be allowed to carry such investment at their amortized value. This method of valuing bonds for annual statement purposes was authorized for the life insurance companies in 1950, for the chartered banks and the Quebec savings banks in 1957; and the Bank of Canada, of its own accord, without consulting anybody, used this method for the first time in the preparation of its annual statement for the year 1956.

Hon. Mr. Roebuck: Was that by statute or by regulation, or how was it?

Hon. Mr. Brunt: Just by the officials themselves; they decided they would make the change and they did so in the preparation of their statement for the year 1956.

Hon. Mr. Roebuck: That is the last one. You gave us two or three illustrations. Was this covered by the Bank Act?

Hon. Mr. Brunt: It was authorized, so it must have been by legislation. My information is that it was authorized for the life insurance companies in 1950, so there must have been an amendment to the Insurance Act.

Hon. Mr. Roebuck: Would my honourable friend get that information for us?

Hon. Mr. Brunt: I will have it for you when the matter is considered in committee; Mr. MacGregor will be there and will have all the information you require in regard to this.

It might be of interest to many honourable senators to know that several British banks have adopted the same method for valuing similar securities. The wording of this particular clause is based upon a similar section of the Insurance Act.

In connection with the valuing of bonds on an amortized basis, I would like to make this further statement. The showing of bonds at their amortized value is the standard accounting method used by financial institutions in dealing with the problem of acquiring bonds from time to time at other than their par value. It means, in effect, that the difference between the purchase price and the eventual par value of

the bond at maturity is taken into account in the income of the investing institution, and this difference is dealt with in equal instalments over the remaining life of the bond. For instance, if a bond were acquired at 95, the difference between the purchase price and the eventual pay-off at maturity is added to the income account of the investing institution in equal, usually semi-annual, instalments. That is to say, in this example, 50 cents would be added to the book value of the investment in each year of the 10 years; so at maturity the book value would coincide with the par value, which would be repaid. Conversely, if such a bond were purchased at 105 it would be reduced 50 cents each year for the 10 years it was held. I offer that example for a 10-year bond.

Hon. Mr. Euler: If the market value of that 10-year bond goes below the purchase price of 95, what happens?

Hon. Mr. Brunt: I am coming to that.

Hon. Mr. Euler: I am sorry, I seem to be out of turn.

Hon. Mr. Brunt: An amortization schedule is set up at the time the bond is purchased. At any given time, the amortized value is determined and recorded from the schedule, being the original purchase price, plus or minus amortization to date.

This will answer the honourable senator's question: The amortized value does not, of course, reflect the current market price of the bond. That is to say, the bond originally purchased at 95 will have an amortized value five years later of $97.50; but at that time the market may be $99, if interest rates have declined, or $93, if interest rates have gone up.

Hon. Mr. Euler: Or even lower?

Hon. Mr. Brunt: That is right.

Hon. Mr. Roebuck: Does not the honourable gentleman think that is a very serious change to propose in the law? The amortization value is simply the book value taken at the time?

Hon. Mr. Brunt: No.

Hon. Mr. Roebuck: It is the value the bond was purchased at, modified by the payments that have been made from time to time or that will be made before it is finally redeemed. That is the only difference I know of.

Hon. Mr. Brunt: No.

Hon. Mr. Roebuck: The honourable senator is simply substituting the real value of a bond for the market value. I repeat, you are substituting the mere book value based on the purchase price paid by the trust company, perhaps years before. Am I not right in that?

Hon. Mr. Brunt: No, the book value has nothing to do with it. It is either the market value or the amortized value, and I have endeavoured to explain to honourable senators how the amortized value is calculated. I can see nothing dangerous in this proposal: the banks are using it, the insurance companies are using it, the Bank of Canada uses it, and the English banks use it. I do not think any trust company is going to become bankrupt because bonds are valued on an amortized basis instead of at their market value.

Hon. Mr. Euler: When a bond is purchased in the first place, as you suggest, at 95, that is the book value. At that time the book value and the market value are the same; and that amount is only increased by the payment, as you say, of 50 cents each year for the 10-year period?

Hon. Mr. Brunt: Yes.

Hon. Mr. Euler: So the book value and market value at the time of the purchase of the bond are the same?

Hon. Mr. Brunt: That is correct.

Hon. Mr. Roebuck: But that may not be so five years from now.

Hon. Mr. Euler: No; the market value may be lower.

Hon. Mr. Brunt: The market value may be above or below the amortized value, depending on whether interest rates have gone up or down in the meantime.

Hon. Mr. Roebuck: Why do you say that the amortized value, as you call it, is not merely the book value?

Hon. Mr. Power: The bookkeeping value.

Hon. Mr. Roebuck: Well, maybe the bookkeeping value.

Hon. Mr. Brunt: I will leave that question to be answered by the Superintendent of Insurance when he appears before the committee.

Hon. Mr. Connolly (Ottawa West): May I be allowed to ask a question? I know we are out of order in asking these questions, and the honourable senator is doing so well. I think in the early part of his explanation he said that as these amortized values increased they were added to the income of the company for the year in which they were shown. If he or I were buying bonds at a low price and holding them to maturity, we of course would make a capital gain. Why is it these capital gains are added to income—

Hon. Mr. Euler: And are taxable.

Hon. Mr. Connolly (Ottawa West): —and become taxable thereby?

Hon. Mr. Brunt: If I may just proceed with my speech I think it will explain the matter raised by the honourable senator from Ottawa West (Hon. Mr. Connolly).

This system of using amortized values and yields is standard in the bond investing business and is the basis upon which, for example, trust companies and other financial institutions compute their income for taxation purposes.

Hon. Mr. Connolly (Ottawa West): In other words, they are deemed to be traders for the purposes of the Income Tax Act?

Hon. Mr. Brunt: That is right. Companies incorporated under the dominion Trust Companies Act have been required to use market values for the purpose of arriving at the value of the bonds in which they have invested, and the adverse effect of this upon their business from time to time may best be illustrated as follows: Assume a company with a paid-up capital and reserve of $2,500,000. Under the existing legislation such a company can accept deposits from the public up to ten times its capital; in other words, $25 million. Assume further that of these deposit moneys $10 million are invested in mortgages and $15 million in bonds. If the market on these bonds declines 5 per cent—and there have been declines of even greater magnitude within recent years, owing to changes in fiscal policy and other circumstances—the market value of these bonds might decline by as much as $750,000. If the company is required to nominally deduct this sum from its capital and reserve, this would reduce the $2,500,000 to $1,750,000 and hence reduce the total amount which the company might accept by way of deposits to $17,500,000.

Hon. Mr. Power: The $17,500,000 would be guaranteed by something, whereas the $25 million is only guaranteed by fictitious value.

Hon. Mr. Brunt: If the honourable gentleman will just wait I will cover that point. This would pose an almost impossible situation, in that it would require companies to refuse to accept deposits and actually to repay their certificates as they matured.

The argument has always been that if the companies had to pay off their depositors at a given date they would only obtain market values for their bonds. This is true if one were to assume that the companies concerned were going out of business; then they would incur a loss—the difference between market and amortized value of their bonds. Even in this eventuality it should be noted that this loss would be recoverable against income tax, so that in effect only half of it would be a loss on capital account. However, in practice the trust companies feel that it is perfectly safe and not unrealistic to assume: (1) that they will not be required to pay off all their deposits at any given time; (2) that they should not be required to set up reserves against Dominion and Provincial bonds and, in effect, underwrite changes in market value brought about by changes in monetary conditions and policy over which they have no control.

Trust companies believe that they may, with propriety, assume that the obligations of Canada and its provinces will always be paid off at par at maturity, as has been the case in the past.

The use of amortized values for Government returns is recognized in the case of life insurance companies, Quebec savings banks and chartered banks and the Bank of Canada. There would therefore seem to be no reason why trust companies should not enjoy the same ruling. This change will avoid unnecessary hampering of trust companies in their worthwhile efforts to expand their savings activities and thus encourage thrift amongst the population generally.

Hon. Mr. Euler: Would the senator permit me to ask another question? It is a business of trust companies, of course, to be in charge of various estates. My question, which may not be germane to the bill, is this: Which value is taken into consideration for succession duty purposes, the amortized value or the market value?

Hon. Mr. Brunt: The market value.

Hon. Mr. Euler: I should think so.

Hon. Mr. Pratt: I understand that this act applies only to a certain number of trust companies registered under a dominion charter.

Hon. Mr. Brunt: They are incorporated under the laws of the Dominion of Canada.

Hon. Mr. Pratt: Yes. I understand from you that so far as these companies under dominion charter are concerned, it is provided under this measure that profits from buying and selling securities are to be brought in as income and losses are to be deductible for income tax purposes. What would be the position of trust companies incorporated by the provinces? Would they be brought in under this measure in that respect?

Hon. Mr. Brunt: It depends; if those companies value their bonds on an amortized basis they will be treated exactly the same

as dominion companies. On the other hand, if they value them on a market-value basis, that is the basis that will be used for taxation purposes.

Hon. Mr. Pratt: In other words, with respect to federal taxation there will not be any difference between trust companies under dominion charter and those under provincial charter?

Hon. Mr. Brunt: Oh, no.

Hon. Mr. Connolly (Ottawa West): We are not amending the Income Tax Act by this legislation.

Hon. Mr. Brunt: No.

Hon. Mr. Roebuck: For what purpose is the amortized value being taken? Is it to enable the department to judge of the solvency of the trust companies? I have not read the dominion Trust Companies Act recently, but for a number of years I did head the Department of Insurance for the province of Ontario. The big question in our minds at that time was the solvency of these trust companies, for we became responsible for them, and I think the dominion department is responsible for the continued solvency of the companies whom they accept.

Hon. Mr. Euler: I believe that at the time my friend refers to the companies were allowed to fix arbitrary values for securities.

Hon. Mr. Roebuck: Yes, they did when I was in charge of the department. We fixed the value that we would allow for various investments held by trust companies. We considered very carefully, whether they should be allowed to carry on or what they should be required to do to get further capital, and that sort of thing, before we would allow them to continue to act as trust companies. Now, do I understand that this change affects the value which the department will use in judging the continued solvency of a trust company?

Hon. Mr. Brunt: It is quite impossible for me to attempt to answer that. I do not know the basis or the theory the department uses in coming to a conclusion as to whether a company is solvent or not—I have no idea.

Hon. Mr. Roebuck: But I am asking what is the purpose in specifying the amortized value? What use will you make of that valuation?

Hon. Mr. Brunt: Did the honourable senator not hear what I said as to the amount of money trust companies can accept on deposit, how it is cut down if the value of bonds drops and they are forced to take the market value in place of the amortized value? I gave an example in detail showing how the amount a company could accept on deposit might be reduced from $25 million to $17,500,000.

Hon. Mr. Roebuck: If that were the only reason for this change in valuation it would not be so important, but if there is another purpose and another use to be made of this valuation, then I would like to know it.

Hon. Mr. Brunt: Well, we will leave that until the bill goes to a committee, and Mr. MacGregor is present to give further information.

Clause 13 of the bill provides for the examination of a trust company's books by the Superintendent of Insurance or any of his agents.

Clause 14 is a penalty section providing for the imposition of a penalty for the late filing of a statement, and under this particular clause such a statement must be filed by a specific date with the department. If it is not filed by that date, then a penalty of ten dollars a day is imposed. Incidentally, the penalty has been reduced under this bill from $20 a day to $10 a day, in order to make the provision consistent with a similar provision in the Insurance Act.

Clause 15 refers to a schedule in the bill which sets out the form of the act which has to be used in future for the incorporation of all trust companies. The main change in the model bill is that hereafter the minimum capital required to be subscribed and paid before the company may commence business shall be specified in that company's act of incorporation. Finally, clause 15 also repeals schedule B of the present act relating to the formal annual statement which will be filed with the department.

Hon. Mr. Roebuck: Does that make any reference to clause 13, which says:

> The superintendent shall visit personally, or cause a duly qualified member of his staff to visit, at least once in each year, the head office of each company and examine carefully the statements of the condition and affairs of each company, and report thereon to the minister as to all matters requiring his attention and decision.

Does that not indicate that the superintendent shall examine books, and so on, in order to judge of the solvency of the trust companies?

Hon. Mr. Brunt: I cannot put that interpretation on it. If the honourable senator wants to put that interpretation on it, he may do so, but I cannot.

Hon. Mr. Roebuck: I do not put any interpretation on it, I am simply asking whether that is not the purpose of the investigation to be made by the superintendent.

Hon. Mr. Brunt: I will go so far as to say it is one of the purposes. I have no doubt

the superintendent has many purposes for making such an inspection, not just to ascertain whether a company is solvent or not.

Hon. Mr. Connolly (Ottawa West): May I ask the honourable gentleman a question in connection with the model bill, which is a schedule to this bill? I know that this device has been used in legislation of various kinds, but I wonder whether it has the effect of pouring Parliament into a strait-jacket. In Parliament we have the right to incorporate by such language and under such conditions and terms as we see fit, but I know that the model bill is not a new idea. As a matter of fact, I take it that it was in the original bill.

Hon. Mr. Brunt: I think it is in the Insurance Bill also.

Hon. Mr. Connolly (Ottawa West): I think it is. I wonder if there is any special value in it. It probably helps the lawyers who are drafting the bills, but I wonder if that is a good enough reason for it.

Hon. Mr. Brunt: For one thing, it is a great help when an application comes in for the incorporation of a trust company, for then any clerk can look at the bill to see if it is in order; and it simplifies the act for the incorporation of trust companies. But, as the honourable senator has said, there may be other reasons, and if there are I am sure these can be given by Mr. MacGregor when he appears before the committee.

Hon. Mr. Macdonald: I move adjournment of the debate.

Hon. Mr. Roebuck: Before the debate is adjourned, I want to compliment the honourable gentleman on his presentation. After all, we have accomplished something in this cross-fire debate, and I think my friend has stood up very well under it.

Hon. Mr. Euler: Yes. We have all been out of order, but I also appreciate the way the honourable senator has carried on during this debate.

Hon. Mr. Brunt: Thank you ever so much.

On motion of Hon. Mr. Macdonald, debate adjourned.

LOAN COMPANIES BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. William R. Brunt moved the second reading of Bill S-10, to amend the Loan Companies Act.

Hon. Mr. Macdonald: Honourable senators, the remarks I made with respect to Bill S-11, which has just been considered, apply equally to Bill S-10. I suggest that if the honourable senator is going to proceed with the second reading of S-10 this afternoon he will have no objection to adjournment of the debate when he has completed his presentation.

Hon. Mr. Brunt: None whatsoever.

Hon. Mr. Roebuck: The senator who wanted to hear an explanation of the bill went away in the middle of it and had no chance to study the bill before.

Hon. Mr. Brunt: I have a re-statement to make on this particular bill, and when I have made it the honourable Leader of the Opposition (Hon. Mr. Macdonald) can move adjournment of the debate.

Honourable senators, Bill S-10 is an act to amend the loan companies act. It is almost identical with Bill S-11, an act to amend the Trust Companies Act, which I have just explained. For all practical purposes this bill covers the same points, and therefore I do not propose to go over it clause by clause. I will propose that the bill be sent to a committee, where it can be studied in more detail.

The bill applies to five loan companies, as follows: Canada Permanent Mortgage Corporation, Eastern Canada Savings and Loan Company, Gillespie Mortgage Corporation, the Huron and Erie Mortgage Corporation, and International Loan Company. If any honourable senators desire any further information with respect to this bill it can be obtained from Mr. MacGregor when the bill is before the Banking and Commerce Committee.

In the main this bill does not apply to licensees under the Small Loan Companies Act or to the so called "finance companies", but rather only to the five above mentioned companies.

On motion of Hon. Mr. Macdonald, debate adjourned.

PRIVATE BILL

ALGOMA CENTRAL AND HUDSON BAY RAILWAY COMPANY—SECOND READING

Hon. John J. Connolly (Ottawa West) moved the second reading of Bill S-13, respecting the Algoma Central and Hudson Bay Railway Company.

He said: Honourable senators, I apologize for having to keep honourable senators here this afternoon at this late stage, but this is a private measure, and of course it will have to wait for a week before getting to committee. For that reason I should like to explain the measure now, and I shall do so as briefly as possible.

The Algoma Central and Hudson Bay Railway Company was incorporated in 1899 by the Statutes of Canada, chapter 50 of that year. The head office of the company is in

Sault Ste. Marie. The company has a main line of railway 298 miles running between the Soo and Hearst, and a branch line of some 26 miles running from the Soo to Michipicoten Harbour.

The charter of this company has been amended many times since the original incorporation, as the marginal note will indicate.

I understand that the company was part of a large enterprise that was established in the Soo area before the turn of the century, and that the important personage in that enterprise was a man who may be known at least by reputation to some honourable senators—Francis Hector Clergue. He was born in the United States, apparently. He became a lawyer, but later on he was more interested in engineering projects and he began the development of hydraulic power at the Saint Mary's Falls near Sault Ste. Marie. He built various factories and transportation lines to utilize this power. These projects which were completed at a cost of $30 million, comprised blast furnaces, steel rail rolling mills, iron, copper and nickel mines, reducing and refining works, chemical works, pulp mills, steamship lines, and the Algoma Central and Hudson Bay Railway. Obviously he was a man of some parts—

Hon. Mr. Roebuck: He was a master promoter.

Hon. Mr. Connolly (Ottawa West): —because he was called by newspapermen "the Cecil Rhodes of Canada", and by the *New York Herald*—and this appears to coincide with the view expressed by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck)—"the greatest word painter in the line of modern promoters". One of the distinguished members of this chamber said to me today, "He was a man who was 50 years before his time." In time, the enterprises he promoted in the Soo area, which were known generally as the Lake Superior Corporation Limited, fell upon bad times, but at present a good many of them are very thriving enterprises.

Now, to come to the detail of the bill. At present the capital structure of the company consists of equity securities and debt securities. The equity securities consist of common stock, some 420,755 shares of a par value of $10 each, and the registered holder of these shares is the Royal Trust Company in Montreal, which holds them as trustee for the owners of voting trust certificates. The total value of this portion of its capital is $4,207,550. It has also issued 125,000 preferred shares having a par value of $4 each, and the total value of that capital is $500,000.

It also has first mortgage income debenture stock and bonds, bearing interest at 5 per cent, and the total face value of these securities is $10,308,500. There was a second mortgage issue of 6 per cent 50 year gold bonds having a total face value of $318,800. These latter have been surrendered and were cancelled in 1937.

In 1941 there was a scheme of arrangement agreed upon by the various security holders, and interest was made cumulative on the first mortgage income debenture stock and bonds which I have said have a total face value of $10,308,500. These bonds mature on December 3, 1959, and the interest due on them on the 2nd of June 1958 was $5,729,808.

The main purpose of the bill is to secure funds to retire the principal amount of the first mortgage income debenture stock and bonds, some $10 million, plus the accumulated interest thereon, some $5,700,000; also to retire the preferred stock, 125,000 shares issued at a par value of $4 each, and to pay whatever expenses are involved in this alteration of capital.

Hon. Mr. Brunt: Would the honourable senator permit a question?

Hon. Mr. Connolly (Ottawa West): Yes.

Hon. Mr. Brunt: Has the company not been paying off the arrears of interest during the past few years, at a rather rapid rate?

Hon. Mr. Connolly (Ottawa West): Yes, I understand it has made quite a sizeable reduction in the interest that accumulated over the years, but there still is $5,728,808 of interest due as of the 2nd of June this year.

Hon. Mr. Brunt: I understand there has been a protective committee set up in connection with the bonds on which the arrears of interest are owing, and such being the case does the protective committee approve of this bill?

Hon. Mr. Connolly (Ottawa West): Yes, I am informed it does.

Hon. Mr. Farris: I did not quite understand my honourable friend when he said the purpose of this bill was to secure funds to pay off these bonds and interest. I did not understand what the miracle was.

Hon. Mr. Connolly (Ottawa West): The main purpose of the bill is to increase the capital to enable the company to get funds to retire these securities.

Hon. Mr. Brunt: Is it the purpose of the company to pay off the bonds and all arrears of interest, in cash?

Hon. Mr. Connolly (Ottawa West): I suppose it would be cash for the people who did not take alternative securities. Perhaps the answer to that will emerge from what I am about to say on section 3 of the bill,

because the method that is proposed to be used is set out in that section. It proposes to increase the capital of the company.

At the present time there are 420,752 common shares having a par value of $10. It is proposed to increase this number of common shares by the addition of 579,245 new common shares also having a par value of $10, and they will rank equally with the existing common shares. When sold the proceeds will provide $5,792,450 of additional capital for the company.

In addition to that the company proposes to issue 250,000 preferred shares having a par value of $50 each. This stock when sold will provide $12,500,000 of additional capital. In this way there will be more than $18 million of new capital made available to the company. It will enable the company to look after the retirement of the existing first mortage income debenture stock and bonds, and the preferred stock, plus the interest on the first mortgage bonds, plus expenses, and then some.

Hon. Mr. Brunt: I gather there are no arrears of dividends on the preferred stock? It is not cumulative?

Hon. Mr. Connolly (Ottawa West): It is not cumulative, in any event, and I do not believe there are any arrears of interest.

That, honourable senators, is the main purpose of the bill. There are some other minor points on which I might touch.

By section 1 of the bill the company is authorized to issue bonds to a maximum of $11 million, upon the security of the company's assets.

Section 3, subsection 2, authorizes the company to determine the privileges which the preferred shares shall carry, authorizes the company in appropriate conditions to subdivide the shares into shares of lesser par value than provided in this measure, provided of course that two-thirds of the votes cast at a special meeting of the shareholders affected approve of such a proposal.

Section 4 provides that the redemption of preferred shares in the circumstances described in section 4—and I am told section 4 is a verbatim reproduction of section 61 of the Companies Act—shall not constitute a reduction of the capital, if it is done in the manner prescribed.

There is one further point I must draw to the attention of honourable senators. An explanatory note to this bill states that this matter has been approved by the holders of the voting trust certificates. That note, I am informed, was prepared and printed at a time when it was thought this bill would be coming to Parliament at a later date than it has actually come. The meetings referred to in the note have not been held and will not be held until a week or ten days from now.

As I said originally, all of the common shares of this company are registered in the name of the Royal Trust Company, which acts as trustee for the holders of the voting trust certificates. I am informed, there will be, an official of the Royal Trust Company at the committee meeting when this bill is considered—that will be the committee on Transport and Communications—who will inform honourable senators as to the instructions the trustee has received to approve the proposals contained in this measure. I thought it well to draw the attention of honourable senators to the fact that the explanatory note contained a statement that was not correct.

This is the explanation I have to offer, honourable senators, and I hope that the bill will receive second reading today.

Hon. Mr. Brunt: Would the honourable senator care to comment on clause 5 of the bill with respect to the payment of commission? Is that provision necessary in a bill of this kind?

Hon. Mr. Connolly (Ottawa West): As the honourable gentleman knows, the payment of commission for the sale of securities usually has to be specifically provided for in a charter granted under the Companies Act. Certainly the rate is not unusual, and I think generally companies feel a little more secure in having specific provision for the payment of commission. It is there as an additional precaution.

Hon. Mr. Roebuck: May I ask a rather pertinent question? Is there any assurance that these securities will be saleable when they are granted?

Hon. Mr. Connolly (Ottawa West): I am not at all sure that I can answer that question to the satisfaction of the honourable senator. I should think that the company would not come here seeking this authority if it did not feel that it was going to be able to reorganize and do so by selling the proposed new securities. I think the company, as a matter of fact, is doing very well. I understand it has progressed very favourably over the past few years and has every expectation that the market will absorb what the company proposes to offer.

Hon. Mr. Roebuck: By way of explanation of my question, may I say that I have the best of good will towards this company. A little more than a year ago I spent nearly a week in Sudbury bringing about a very extensive wage agreement between the

management of this company and its employees. While there I met a most admirable man, an intelligent and active gentleman who had just taken over the management of the company. I rather fancy that this effort to clean up the old financing is due to the progressive attitude of the new management, and I wish them all possible success.

Hon. Mr. Brunt: I hope the honourable senator was not too tough in the wage agreement he brought about, in view of the fact that the company is in arrears on its bond interest.

Hon. Mr. Macdonald: The honourable senator is noted for his fairness.

Hon. Mr. Roebuck: The management agreed to the terms, at about 3 o'clock in the morning.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly (Ottawa West), bill referred to Standing Committee on Transport and Communications.

PRIVATE BILL

OGDENSBURG BRIDGE AUTHORITY—SECOND READING

Hon. John J. Connolly (Ottawa West) moved the second reading of Bill S-12, respecting Ogdensburg Bridge Authority.

He said: Honourable senators, this bill requires very little explanation. The company is before Parliament because it was overly optimistic, for a second time, on the probable cost of a bridge which it was authorized to construct across the St. Lawrence River between Johnstown, Ontario and Ogdensburg, New York. The bridge will be a high-level vehicular bridge. The funds required to construct this bridge have been made available entirely out of the public treasury of the State of New York. Of this amount some $22 million has already been appropriated for this purpose.

It is proposed that when the bridge has been built the advances which the State of New York will have made upon its construction will be repaid by floating a public issue of bonds or debentures. When the cost of the bridge has been entirely retired as a result of the redemption of these bonds or debentures, then that portion of the bridge within territorial limits of Canada will revert to the Crown in Canada, and that portion within the territorial limits of the United States will revert to a public authority in that country.

There are two authorities: the New York authority incorporated in the State of New York, and the authority in Canada incorporated by this Parliament. When these authorities were first incorporated, in 1952, it was believed that the bridge could be built for $10 million. In 1956 the authorities were granted by Parliament the right to increase the money that they might raise to $15 million. Now it is found that up to perhaps $25 million will be required.

Hon. Mr. Macdonald: Is that on account of a change in the structure of the bridge?

Hon. Mr. Connolly (Ottawa West): I am informed it is due mainly to the rise in the cost of materials and labour required for a structure of this kind.

Hon. Mr. Roebuck: The costs have not doubled in the last few years.

Hon. Mr. Connolly (Ottawa West): As I say, they may have been over-optimistic originally. Perhaps there have been some structural or engineering changes. I have not been informed of them but I would suggest that we might very well raise this question in committee.

There was a Canadian-owned ferry company that operated between Prescott and Ogdensburg for many years and some concern was felt about what should be done about the company. I can report that about a year and a half ago the American authority, with funds provided by the State of New York, bought out the assets and undertaking of the ferry company to the satisfaction of the shareholders and the ferry service is now operating under the authority which purchased it.

Hon. Mr. Macdonald: Has the construction of the deep seaway on the St. Lawrence affected the flow of the water at the point where the bridge is to be constructed?

Hon. Mr. Connolly (Ottawa West): No. I think the bridge is too far upstream to be affected by the seaway.

Hon. Mr. Brunt: Has the construction of the bridge been started?

Hon. Mr. Connolly (Ottawa West): I am not sure but I believe there has been some work done on the ground. I speak only from recollection and I am not certain.

Hon. Mr. Brunt: I believe the honourable senator said that when the bonds are retired the bridge will be turned over to a Canadian authority and an American authority. Is it proposed that it will be a toll bridge and that the toll charges will be used to retire the bonds?

Hon. Mr. Connolly (Ottawa West): Oh, yes. This will be a toll bridge, much like other bridges which have been built across international streams and along various parts of the border.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Connolly (Ottawa West), bill referred to Standing Committee on Transport and Communications.

The Senate adjourned until Tuesday, July 15, at 8 p.m.

THE SENATE

Tuesday, July 15, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

Routine proceedings.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I beg to lay on the Table:

First Annual Report of the Canada Council for the fiscal year ended March 31, 1958, as required by section 23 of the Canada Council Act, Chapter 3, Statutes of 1957. (English and French texts).

Report of the Department of External Affairs for the calendar year 1957, as required by section 6 of the Department of External Affairs Act, Chapter 68, R.S. (English text).

Report of the National Gallery of Canada for the fiscal year ended March 31, 1958, as required by section 10 of the National Gallery Act, Chapter 186, R.S. (English and French texts).

Report of the Canadian Broadcasting Corporation for the fiscal year ended March 31, 1958, as required by section 23 of the Canadian Broadcasting Act, Chapter 32, R.S. (English and French texts).

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 195 to 225, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-154, for the relief of Eileen Rose Brown Porteous.

Bill SD-155, for the relief of Anita Duguay Brais.

Bill SD-156, for the relief of Sydney Lesser.

Bill SD-157, for the relief of Stella Rachel Cater Harris.

Bill SD-158, for the relief of Samuel Jack Goldberg.

Bill SD-159, for the relief of Beatrice Claire Carmichael Glas.

Bill SD-160, for the relief of Francis Allan Quinn.

Bill SD-161, for the relief of James Ross MacLaren Paul.

Bill SD-162, for the relief of Barbara Golebiowski Lorens.

Bill SD-163, for the relief of Nicholas Vogel.

Bill SD-164, for the relief of Viola Mary White Witt.

Bill SD-165, for the relief of Joseph Lucien Roland Richer.

Bill SD-166, for the relief of Marc Baillargeon.

Bill SD-167, for the relief of Lucille Perrin Ballard.

Bill SD-168, for the relief of Barbara Rae Lynch Harding.

Bill SD-169, for the relief of Estelle Leblanc Hebert.

Bill SD-170, for the relief of Georgiu Panajtiotis Yarenis.

Bill SD-171, for the relief of Shirley Watson Pennoyer.

Bill SD-172, for the relief of Anastasia Gorshko Hruby, otherwise known as Ann Gorshko Hruby.

Bill SD-173, for the relief of Edwin Showler.

Bill SD-174, for the relief of Nikolaj Kurdiaszow.

Bill SD-175, for the relief of Johann Schneider.

Bill SD-176, for the relief of Lise Beaudry Livingston.

Bill SD-177, for the relief of Beverly Georgina Berry Turpin.

Bill SD-178, for the relief of Shirley Eileen Ferris MacTavish.

Bill SD-179, for the relief of Maurice Turcotte.

Bill SD-180, for the relief of Christina Maxwell Biggs Sanderson.

Bill SD-181, for the relief of Thomas Patrick Heavers.

Bill SD-182, for the relief of Josephine Gertrude Rice Thornhill.

Bill SD-183, for the relief of Ruth Gruber Sosnowsky.

Bill SD-184, for the relief of Samuel Wasserman.

Bill SD-185, for the relief of Celia Bernhaut Jamensky.

Bill SD-186, for the relief of Mary Elizabeth Rainsborough Archer Rudner.

Bill SD-187, for the relief of Waldo John Brayton.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Next sitting.

PETITIONS—LAST DATE FOR HEARINGS

Hon. Mr. Roebuck: Honourable senators, may I take advantage of this occasion to make an announcement? The Divorce Committee, of which I have the honour to be

chairman, has decided that it will hear no further cases after the 8th of August. It is necessary to make an announcement of this kind because it notifies the litigants that they must have their cases completed, if it is possible for them to do so, by the date specified if they wish to be heard at this session. It is the custom to make such an announcement every session. No hardship will be caused by the committee's decision. We have been hearing cases now since some time in May and at any time during that period any one of these cases that was ready to be heard could have been heard. We have heard all the cases that have been presented for trial.

STATISTICS

I will now give in statement form the statistics on the work of the committee up to date:

Petitions presented	424	
Petitions recommended		233
Petitions rejected		3
Petitions withdrawn		3
Petitions partly heard		4
Petitions pending		181
	424	424

To say there are 181 petitions pending is perhaps slightly misleading, in that a number of them could not possibly be completed in time to be heard at this session. My best estimates is that we have some 150 more cases still to be heard.

Hon. Mr. Macdonald: Would the honourable senator give the number of cases that were or are likely to be contested?

Hon. Mr. Roebuck: I do not have those exact figures with me. Earlier in the session the committee had notice of contestation in 30 cases, but, as you know, the opposition often does not materialize. I am sorry I cannot give my honourable friend the information for which he asks.

STRATFORD SHAKESPEAREAN FESTIVAL

ENGAGEMENT OF LANGSTON HUGHES

Hon. Felix P. Quinn: Honourable senators, before the Orders of the Day are called I wish to draw to the attention of honourable senators an article which appeared in a publication addressed to me in the Senate this past week. The publication is called the *Canadian Intelligence Service,* and its principal article is headed "Is this Canadian Culture?" It quotes from the *Globe and Mail* of June 14 as follows:

Langston Hughes, Negro poet and novelist, will make two appearances at the Stratford Festival on July 23. In addition to his reading of some of his own poetry to the music of Henry "Red" Allen's All Stars on the regular jazz series, Mr. Hughes will present a special afternoon program of poetry reading, called Poetry Born of Music. The latter will be open only to those who register before July 1 for Vivienne Stenson's two day Folksong and Jazz session on July 23 and 24. Mr. Hughes classifies his program for this session as "various of my poems with a biographical background, describing how in some cases the poems were written, and stressing particularly their folk sources in the blues, spiritual and jazz idioms".

Langston Hughes is the U.S. mulatto whose "poetry" includes the anti-Christian "Good-bye Christ". This blasphemous attack upon our Lord includes these words: "Good-bye, Christ Jesus, Lord God Jehova, Beat it on away from here now. Make way for a new guy with no religion at all—A real guy named Marx, Communist Lenin, Peasant Stalin, Worker Me . . . And step on the gas Christ! Move! Don't be so slow about movin'! The world is mine from now on—And nobody's gonna sell me to a king or a general, or a millionaire."

Not surprising is the fact that Langston Hughes boasts a pro-communist record including 70 Red-Front affiliations.

Honourable senators, here is the meat of the article and the reason I am bringing it to your attention.

The Stratford Festival is subsidized by the Canada Council, which is spending no less than $100 million taken from the Canadian taxpayers.

I do not subscribe to this publication, and as it came to me gratuitously in the mail surely other honourable senators and perhaps members of the House of Commons also received copies of it. At any rate, somebody besides myself should be interested in such an irreverent thing as this, and that is why I am bringing it to the attention of the Senate. If Canada and her taxpayers subscribe to the likes of this, it is pretty near time that somebody should make a protest, and if I am the only one to do so I protest with all the vigour within me against such blasphemy. I appeal to my honourable leader (Hon. Mr. Aseltine) to make representations to the proper authorities to have this blasphemous creature's appearance before the Canadian public cancelled. He is scheduled to appear before the Stratford Festival on July 23, a week from next Wednesday.

Hon. Mr. Pouliot: Honourable senators, I strongly approve of the remarks of the honourable gentleman from Bedford-Halifax (Hon. Mr. Quinn). They should be forwarded to Father Lévesque, who is one of the important persons on the Canada Council.

[*Later:*]

Hon. W. Ross Macdonald: Honourable senators, may I refer to the matter raised earlier in the sitting by the honourable senator from Bedford-Halifax (Hon. Mr. Quinn). The pamphlet to which he referred did not come to my desk. It is possible that it may have been delivered to my office, that my secretary may have read it and concluded

that it was too blasphemous for my eyes and for that reason did not put it on my desk. In any event, I did not see it.

The honourable senator stated that the Stratford Festival was sponsored by the Canada Council. May I say that that is not quite correct. It is true to the extent that the Canada Council did make a contribution toward the cost of the erection of the permanent festival building at Stratford, as did the province of Ontario and many businesses. But it cannot be said of the Stratford Festival that it is being sponsored by the Canada Council.

Hon. Mr. Croll: Honourable senators, I read the sheet to which the honourable senator from Bedford-Halifax referred. I know the sheet; it is a hate sheet. In my opinion it was utter unadulterated garbage, and I gave it the treatment it deserved—I threw it in the wastepaper basket.

Hon. Mr. Quinn: Honourable senators, may I reply? I quoted the article because it was said to have been copied from the Toronto *Globe and Mail*, which I consider to be a reliable newspaper. (*See pp. 328-9.*)

TRUST COMPANIES BILL

SECOND READING

The Senate resumed from Thursday, July 10, the adjourned debate on the motion of Hon. Mr. Brunt for the second reading of Bill S-11, to amend the Trust Companies Act.

Hon. W. Ross Macdonald: Honourable senators, after this bill had been explained on the motion for second reading last Thursday I adjourned the debate in order that I might study the bill. It had been distributed to honourable senators just a few minutes before the debate commenced and of course there was not time then to study its provisions. At the opening of the discussion I stated that I would approve of the motion for second reading being made at that time only on the condition that honourable senators would be given an opportunity over the weekend to study the bill. A very good explanation of the bill was given by the honourable senator from Hanover (Hon. Mr. Brunt). I have since had the opportunity, as have other senators, to study the bill in the light of his remarks, and I can say now that I approve of it. The bill gives the trust companies wider powers, but whether it meets with the approval of the trust companies I do not know.

We must, of course, consider in committee whether some clauses should be amended. No doubt this is a bill which should go to committee, and what I say now applies also to another bill which is on the Order Paper for second reading this evening, namely, the bill to amend the Loan Companies Act. I feel that we should hear not only from the representative of the Department of Insurance, but also from representatives of the trust companies; I think an opportunity should be given to them and to anyone else who desires it to come forward and speak either in favour of or against the bill. It is not necessary to hurry the bill through this week. I suggest that notices be sent out, that the committee meet tomorrow, and that we have a full discussion in the presence of all persons interested in the bill some time next week.

Hon. A. K. Hugessen: Honourable senators, I had an opportunity of examining this bill over the weekend. I was not present at the sitting of the Senate on Thursday afternoon, but I read with a great deal of interest the extremely competent and full explanation given by the honourable senator from Hanover (Hon. Mr. Brunt).

This bill, of course, deals only with those trust companies which have been incorporated under the federal Trust Companies Act, and the honourable senator enumerated them by name in his speech. Some of them are not very important trust companies; in fact, of the ten he named only five of them have offices in Montreal. Most of the large trust companies in this country are under the jurisdiction of a province, for the most part either the province of Quebec or the province of Ontario, where they were originally incorporated. Of the large trust companies doing business in Montreal, the five biggest, as far as I am aware, are the Royal Trust Company, the Montreal Trust Company, the National Trust Company Limited, the Crown Trust Company, and the Trust General du Canada. Not one of those five is subject to the provisions of this bill. However, while I was in Montreal over the weekend I did take the opportunity to discuss the provisions of this bill with high officials of two of our largest trust companies, which as I say are not themselves subject to the bill.

As the honourable senator from Hanover explained, the two principal provisions of the bill are for the relief of these federally incorporated trust companies in two different ways. First of all, they want to have their borrowing powers increased from the present limit of 10 times their unimpaired paid-up capital to 12½ times their unimpaired paid-up capital. Secondly, they want the privilege in their annual financial statements submitted to the Superintendent of Insurance to value the dominion and provincial bonds and dominion and provincial guaranteed bonds held by them, not at their then current market values but at their amortization value.

Well, I discussed both these points with the officials of the two large trust companies. As to the first point, the increase in the permitted borrowing powers, neither of them felt that this was in any way out of the way. Both of them told me that as far as their own companies are concerned, under the provincial legislation to which they are subject they have no legislative limit at all on the amount that they can borrow. They do have a self-imposed limit upon their borrowing, which is roughly of the order of ten times their paid-up capital, but they pointed out that so far as these federal companies are concerned they are more limited in the classes of investments which they can invest in than are the provincial companies; and also they will, of course, be subject to the control and inspection of the Superintendent of Insurance.

So I think as far as the first point is concerned we can rest satisfied that that is a reasonable suggestion. As to the second point, the valuation by these companies of their portfolio of dominion and provincial bonds and dominion and provincial guaranteed bonds, that again seemed to these gentlemen to be a reasonable suggestion. They pointed out, as I think the honourable senator from Hanover, indeed, pointed out, that the chartered banks at the present time are obliged to show their dominion and provincial bonds in that fashion in their balance sheets and that the insurance companies have the right to do so if they wish. So as far as these two main features of the bill are concerned I think we can rest assured that there is nothing objectionable in them, and that as far as the two companies whose officers I consulted with in the matter are concerned, they are perfectly satisfied with the bill in its present form.

Hon. Mr. Howard: Question.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. William R. Brunt moved that the bill be referred to the Committee on Banking and Commerce.

He said: Honourable senators, I wish to tell honourable senators that we should like to have a meeting of the Banking and Commerce Committee tomorrow morning. We have arranged for Mr. MacGregor, Superintendent of Insurance, to be present, and also Mr. Jules E. Fortin, Secretary-Treasurer of the Dominion Mortgage and Investments Association, who will speak on behalf of all of the trust companies involved. The trust companies felt that they would rather have one representative come down and speak on behalf of all.

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

LOAN COMPANIES BILL

SECOND READING

The Senate resumed from Thursday, July 10, the adjourned debate on the motion of Hon. Mr. Brunt for second reading of Bill S-10, to amend the Loan Companies Act.

Hon. W. Ross Macdonald: Honourable senators, what I said in connection with the bill which has just received second reading applies equally to this bill.

The honourable senator from Hanover (Hon. Mr. Brunt) has mentioned two witnesses who will be called before the Committee tomorrow morning. I am not so sure that there are not other witnesses who should be called. However, we can discuss that in committee. I approve of having the meeting tomorrow.

Hon. Arthur W. Roebuck: Honourable senators, may I just say a word in connection with this bill? The gentlemen who are coming as witnesses will appear for the purpose of supporting the bill. Personally I am not so well satisfied as are others who have expressed themselves to give to these companies the right to value their assets on an arbitrary basis rather than upon their market value.

I am not prepared to make an attack on the bill. When I was minister in charge of such matters in the province of Ontario I always took that responsibility very seriously indeed, and watched the assets of the trust companies minutely to see that they were kept in good shape and that the public had the right to trust them not just because of their name but because of the assets which they possessed and their ability to discharge their obligations. Now, as regards the companies covered by this bill, that is a duty which the federal government has taken on its shoulders. I would like to see a widely published announcement made in the press that anyone who knows anything about this sort of thing may appear before the committee to give evidence. I shall not be able to attend the committee meeting tomorrow, for I have other duties to perform, but I should like to see the committee take a little time to deal with this and give all the publicity it can to a subsequent meeting, perhaps look around a bit to see whether there are any disinterested people who are not connected with trust companies but who have special knowledge of this branch of work and might wish to attend.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

GREAT LAKES FISHERIES CONVENTION

REPORT ON PROGRESS IN DESTRUCTION OF LAMPREYS

Hon. Norman McL. Paterson: Honourable senators, before the motion to adjourn is put I would like to make a short report on the progress being made in the destruction of lampreys in the Great Lakes.

On June 2, 1955, I introduced in this house a bill to implement a treaty—the Great Lakes Fisheries Convention—between the United States and Canada to control these parasites. For the information of honourable senators who did not hear what I said on that occasion I might explain that the lamprey is a parasite which originated as an eel in the ocean. It became acclimatized in the Great Lakes, adapting itself to fresh water, and has done untold damage. The lamprey first moved into Lake Ontario and has spoiled practically all the trout and white fish in that lake; it moved on to Lake Erie, then into Lake Huron, into Lake Michigan, and when it got into Lake Superior action was taken.

During all this time one of the states hesitated to enter into a treaty, fearing interference with its fisheries by Canada or the federal Government of the United States. However, in 1955, it finally agreed to a treaty, which I may say required the pooling of information, and Canada and the Province of Ontario entered into a treaty with the United States and eight individual states. The commission set up under the treaty was not authorized to spend moneys.

I might mention that the lamprey kills fish by sucking the blood out of them. The lamprey breeds in creeks and in muddy streams and rivers. When it spawns, its larvae lie dormant in the mud for five years, after which time the lamprey hatches. The young go out into the fresh water lake and in one year become adults. The following year they return to breed in these creeks and rivers and then die. Scientists have been trying to control the parasite by placing electrode gates in front of these creeks and streams so as to kill the lampreys or prevent them from entering the creeks and rivers to spawn. Some 500 creeks and streams flow into Lake Superior but not all of them are used by lampreys for breeding; probably 300 of them are so used.

The treaty was made for a term of ten years, for this reason: the lampreys take five years to breed, one year to grow to adult life and one year to spawn, and therefore, even if the electrode gates kept the lampreys out of the creeks and streams, it would be about eight years before it was known whether the lampreys would not go along the shore and breed. I do not know if that has been decided definitely yet.

In Canada the Great Lakes are bordered by only one province, Ontario. In the United States they are bordered by eight states. Sometimes I am hard put to it in trying to remember the names of these States, and I am going to see if I can name them now: New York, Pennsylvania, Ohio, Michigan, Illinois, Wisconsin, Minnesota, and there is one more—at the smallest part of the bay on which Chicago has its waterfront, and where there is a steel mill at a place called Gary—and that state is Indiana. The treaty required nine signatures from the United States—that is, on behalf of those eight States and the federal Government; and two signatures from Canada, namely, for the Province of Ontario and the federal Government.

I telephoned the Department of Fisheries the other day to inquire of Dr. Pritchard what was the latest report from the deputy minister. I was told that there was a very recent report from Ann Arbour, Michigan, to the effect that the United States Research Department had perfected a poison which was 98 per cent effective against larvae of the lamprey and did not affect the good fish. So, honourable senators, there is great hope that in Lake Superior the lamprey will be controlled and will cause no future damage. There are still good trout and white fish in Lake Superior, and the hope is that by these means of control fish generally will come back to Lake Huron, Lake Michigan and perhaps Lake Erie.

I have taken some of your time, honourable senators, to give you this report on the progress of the battle against the lamprey, and I hope I will be able to report continued progress in the future.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, July 16, 1958

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

Prayers.

Routine proceedings.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I beg leave to lay on the Table certain reports as follows:

Auditor General's Report on the Examination of the Accounts and Financial Statements of the National Battlefields Commission for the fiscal year ended March 31, 1958, as required by section 12 of An Act respecting the National Battlefields at Quebec, Chapter 57 of the Statutes of Canada, 1908. (English text).

Report of Atomic Energy of Canada Limited for the fiscal year ended March 31, 1958, as required by section 85(3) of the Financial Administration Act, Chapter 116, R.S. (English text).

INTERNATIONAL TRADE

On the order for a motion by Hon. Mr. Robertson:

That in the opinion of the Senate, Canada should enter into immediate negotiations to associate herself with her NATO partners and other countries of good will in the imaginative and constructive effort, presently in contemplation, to develop the economic welfare of the Western world.

Hon. Mr. Beaubien: Honourable senators, the honourable senator from Shelburne (Hon. Mr. Robertson) has asked me to request that this motion be placed on the Order Paper for Wednesday next.

The Hon. the Speaker: The order stands.

PRESIDENT OF THE UNITED STATES

LETTER OF THANKS FOR WELCOME ON VISIT

The Hon. the Speaker: Honourable senators, before the Orders of the Day are called I feel I should bring to your attention a letter I received from the President of the United States on the day before he departed from Canada after his short visit here, in which he refers to the warm welcome he received from members of the Senate. The letter reads:

Ottawa, Canada,
July 11, 1958

Dear Mr. Speaker:

Before I leave this lovely city and this friendly country, I want once again to thank you for the privilege of appearing before a joint session of Parliament and, in particular, for the warmth of the comments you made on my talk. Fortunately I can understand French a little better than I can speak it (the latter deficiency I have fully demonstrated) and I was indeed touched by the sentiments you expressed.

For my part this visit has been both valuable and important. I return to Washington with a renewed conviction that our countries are strong in our friendship and that we have the good will and understanding necessary to work out any differences that may arise between us.

And, of course, not the least of the pleasure of my contacts with you was on the golf course yesterday. I thoroughly enjoyed the afternoon, although I do wish I could have exhibited a little better game.

With my personal thanks, once again, to you and to the members of the Senate for the courteous and cordial reception you gave me, and warm regard,

Sincerely,

Dwight D. Eisenhower

The Honourable Mark Drouin,
Speaker of the Senate,
Ottawa.

STRATFORD SHAKESPEAREAN FESTIVAL

ENGAGEMENT OF LANGSTON HUGHES

On the Orders of the Day:

Hon. Felix P. Quinn: Honourable senators, before the Orders of the Day are proceeded with, I wish to make a correction in my remarks of yesterday as reported in *Hansard* at page 324. In connection with scheduled appearances of Langston Hughes, a Negro poet and novelist, at the Stratford Shakespearean Festival, I read a few paragraphs of an article in a publication called the *Canadian Intelligence Service*. All the paragraphs purported to have been quoted from the Toronto *Globe and Mail*, but the fact is that only the first paragraph was a quotation from that newspaper and the remainder of the article I quoted was comment by the *Canadian Intelligence Service* itself.

Hon. David A. Croll: Honourable senators, I too had something to say when the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) spoke on this matter last night. I, of course, welcome his statement. The observation I wish to make casts no reflection upon the honourable gentleman. He did the right and proper thing at the very earliest time. I merely wish to repeat that this hate sheet misled our honourable colleague as it was intended to mislead him and as it was intended to mislead others. The honourable senator made this statement last night:

Honourable senators, here is the meat of the article and the reason I am bringing it to your attention.

He then quoted the following from the sheet he had received in the mail:

"The Stratford Festival is subsidized by the Canada Council, which is spending no less than $100 million taken from the Canadian taxpayers."

The writer of that article wanted to give the impression that the Stratford Shakespearean Festival was receiving $100 million from the Canadian taxpayers. That, of course, is a gross exaggeration. I am sure that most

honourable senators will have seen on their desks either yesterday or today a copy of the First Annual Report of the Canada Council. It is dated March 31, 1958, and if honourable members will turn to page 61 they will see under the heading "Grants to Organizations" that the Stratford Shakespearean Festival—for music festival, film festival, generally to ensure continued growth and development—received $50,000.

I said the statement in this sheet was a gross exaggeration, and I mean a very gross exaggeration. As a matter of fact, in 1957-58 the National Ballet of Canada received $100,000, and the Vancouver Festival received for 1958 $50,000. But the point is this, that the—to give this sheet or rag its proper high-sounding name—*Canadian Intelligence Service* has as its purpose, if you will read the article, to smear the Canada Council and the Stratford Shakespearean Festival. These are two grand and wonderful institutions that have been developed in this country within recent years, which make all Canadians proud and the rest of the world envious.

Now, thanks to what our honourable colleague did today I think we can tip-toe out of this very nicely. I believe I would express the general view held in the Senate in saying that we have had a bellyful of smears.

Hon. Jean-François Pouliot: Honourable senators, I suggested yesterday that the remarks of the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) should be referred to Father Lévesque, who is supposed to be the chaplain of the Canada Council. I have no objection to what my honourable friend from Toronto-Spadina (Hon. Mr. Croll) has said about the Stratford Festival, and I have heard a lot of praise of that organization. But for me that is not the question at all; rather, it is whether or not a man who commits blasphemy, which is an offence against the Criminal Code, should be invited by the Stratford Festival to make an appearance.

Hon. Mr. Quinn: Hear, hear.

Hon. Mr. Pouliot: There is a general tendency in the C.B.C. and elsewhere to hurt the religious feelings of our fellow citizens. For instance, two years ago some blasphemous verse was read over the whole French network of the C.B.C. I wrote to Montreal, to the man who was supposed to be in charge of the program, and asked for a copy of that so-called poem, and I had to get in touch with the late Minister of National Revenue, who was in charge of the C.B.C., to receive an answer, which took three weeks more. And finally what was the excuse that I got from the representative of the C.B.C.? It was that that man who read the verse was a bum. Imagine, honourable senators, a bum being a lecturer over the C.B.C.! That is my own personal experience with them.

Now, what should be done after the remarks of my honourable friend from Bedford-Halifax and my honourable friend from Toronto-Spadina? The only thing that should be done is that the Stratford Festival should cancel the engagement with this man Hughes for behaving so badly as he did in his writing.

Hon. Mr. Quinn: Honourable senators, may I be allowed the privilege of saying a word in reply? I want to make it quite clear to all honourable members that the farthest thing from my thoughts was to cast any reflection or discredit upon the Stratford Festival or its works. I have always heard the highest praise and highest words of commendation of its performances, and it was because of that high regard that I read this article to the Senate last evening. I had tried—in line with what the honourable senator from De la Durantaye (Hon. Mr. Pouliot) has just suggested—to have the appearance of this man Hughes before that organization cancelled.

CRIMINAL CODE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill S-9, to amend the Criminal Code.

He said: Honourable senators will remember that when this bill was read the first time I gave a brief explanation of it. I now wish to give a more detailed explanation, and I am of the opinion that in order to assist honourable senators who are not lawyers I should refer briefly to certain sections of the Criminal Code itself so that they will understand just exactly what this Bill S-9 is being initiated for.

Section 719, 720, 721 and 722 of the Criminal Code are the sections involved and they have to do with appeals from summary convictions. Section 719 says that for the purpose of these sections an "appeal court" means

> (e) in the provinces of Saskatchewan and Alberta, the district court of the judicial district or subjudicial district in which the cause of the proceedings arose.

In Alberta there are just two judicial districts, the northern judicial district and the southern judicial district and this bill does not apply to Alberta at all. But Saskatchewan, by chapter 68 of its Revised Statutes, 1953, is divided into 21 judicial districts and an appeal from a summary conviction would on that account have to be made to the district court of the judicial district of Saskatoon or the district court of the judicial district of Prince Albert and so on as the case may be.

Section 720 of the Criminal Code says:

Except where otherwise provided by law,

(a) the defendant in proceedings under this part may appeal to the appeal court

(i) from a conviction or order made against him;—

That is, in the province of Alberta an appeal is to be inscribed in the district court of the judicial district of so and so. In Saskatchewan it would be the same thing.

Then section 721, subsection 2, reads as follows:

In the provinces of Alberta and Saskatchewan an appeal under section 720 shall be heard at the sittings of the appeal court that is held nearest to the place where the cause of the proceedings arose.

And section 722 reads:

(1) Where an appeal is taken under section 720, the appellant shall

(a) prepare a notice of appeal in writing setting forth—

that he is aggrieved by the conviction, and so on; and under paragraph (c) of that subsection he must file in the office of the clerk of the appeal court a notice of appeal and an affidavit of service.

A year or so ago a commission was appointed in Saskatchewan to investigate the whole judicial system of the province. That commission made its report, as a result of which the Attorney General of Saskatchewan sponsored a bill to amend the District Courts Act. The bill was duly passed and is now chapter 72 of the Statutes of Saskatchewan for the year 1958. However, it has not yet been proclaimed. If it were proclaimed in its present form no proper appeal could be made so long as the provisions of the Criminal Code remain as they are, and for this reason, namely, that that amendment to the District Courts Act of Saskatchewan does away with the 21 judicial districts in the province and replaces them by one judicial district. Section 3 (1) of the amending act reads as follows:

3(1) The province shall, for the purposes of this act, consist of one judicial district.

When that act is proclaimed an appeal from a summary conviction under the Criminal Code will have to be made to the district court of the province of Saskatchewan instead of to the district court of such-and-such judicial district.

I wish to point out also that the same section 3 of chapter 72 of the 1958 Statutes of Saskatchewan provides that in place of the 21 judicial districts there shall be 21 judicial centres, each of which shall have a clerk of its own, and that the records of the former district courts shall still be filed in the offices of the clerks of these judicial centres.

With that background I come to the bill before us.

Hon. Mr. Roebuck: May I ask the honourable senator a question? Where will the appeal be heard, in one of the 21 judicial centres or at headquarters?

Hon. Mr. Aseltine: Subsection 2 of section 721 of the Criminal Code still applies. In Saskatchewan an appeal under section 720 shall be heard at the appeal court sittings nearest to the place where the cause of the proceedings arose. There is no difference in that respect.

Hon. Mr. Macdonald: That would be at the judicial centre?

Hon. Mr. Aseltine: Not necessarily. Saskatchewan still has the judicial districts, for the amending act has not yet been proclaimed. If the cause of action arose at, say, Rosetown the appeal would be to the judicial district of Kerrobert, in which district Rosetown is situated.

Hon. Mr. Macdonald: Is that in accordance with the wording of the bill? My understanding is that under this legislation there will be just one judicial district, and the remaining centres will be known as judicial centres.

Hon. Mr. Aseltine: Yes, and each judicial centre will have a clerk.

Hon. Mr. Macdonald: I was just wondering whether the wording of the Criminal Code, as it now stands, refers to "judicial centre"?

Hon. Mr. Aseltine: No. I will try to clear that point up.

Honourable senators will note that section 722 of the Criminal Code states that the notice of appeal and affidavit of service shall be filed in the office of the clerk of the appeal court, even though it is addressed to the District Court for Saskatchewan. The definition of "clerk" is changed; so that "clerk of the appeal court" would include the local clerk of the appeal court, who would be the clerk in the judicial centre. In effect, there is no change at all: the appeal will be made in the usual way, but it will be addressed to the District Court for Saskatchewan. The notice of appeal will be filed with the local clerk in the judicial centre where the proceedings originated. He will then, no doubt, notify or forward a copy of the notice of appeal to Regina or wherever the head office of the District Court for Saskatchewan is located, and in due course the appeal will be set down for hearing in the nearest court.

Hon. Mr. Roebuck: Pardon me. The act refers to the nearest place. What does "place" involve?

Hon. Mr. Aseltine: That is where the nearest court is held. That is in keeping with the present practice.

Hon. Mr. Roebuck: Are they county courts?

Hon Mr. Aseltine: Under our judicial system each judicial district has a judicial court which may sit once or twice a year in one place and a similar number of times in another place, and the appeals are set down for hearing at one or other of the places, whichever is nearest to the place where the cause arose. That practice will continue under the new legislation.

Hon. Mr. Roebuck: It is not affected by the bill.

Hon. Mr. Macdonald: I do not want to interrupt the honourable leaders explanation, which he is giving very well, but could he explain to the house the advantage that is to be brought about by doing away with the several districts and having one judicial district? In other words, what is the advantage of the proposed system over the present system?

Hon. Mr. Aseltine: I don't know if I can explain that to the satisfaction of my honourable friend. It so happens that each judicial district has a district court judge; and in one district the judge may not have much work to do, whereas in another district he may be over-worked. The proposed system is an idea of the Attorney General of Saskatchewan which may or may not meet with some objection, but I think the purpose behind it is that judges should be allocated to do the work where there is work to be done, rather than spend their time in outlying districts where there may be only two or three district court actions in a year.

Hon. Mr. Connolly (Ottawa West): Is a judge now appointed for one district?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Connolly (Ottawa West): And a judge has no authority outside his own district?

Hon. Mr. Aseltine: I understand from the Minister of Justice, with whom I discussed this matter, that there is to be a re-allocation.

Hon. Mr. Macdonald: With respect to the proposed re-allocation, is it intended that the judges will reside in one centre or that they will continue to reside at different places throughout the province?

Hon. Mr. Aseltine: My understanding is that they will continue to reside at different places throughout the province, wherever there is work to be done.

Hon. Mr. Connolly (Ottawa West): Would it be correct to say that at the present time a judge has jurisdiction in a given judicial district for which he is appointed, but if this amendment passes he will have province-wide jurisdiction and can be assigned to hear cases on appeal in various districts?

Hon. Mr. Aseltine: It is true to a certain extent that the judge of the judicial district of Saskatoon, for instance, does most of his work in that district, but he frequently goes to such judicial districts as Kindersley, Kerrobert and Battleford. Similarly, other judges come to the Saskatoon judicial district to help the judge of that district. Does that answer my honourable friend's question?

Hon. Mr. Connolly (Ottawa West): At the present time the judges have jurisdiction outside the district for which they have been appointed?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Connolly (Ottawa West): Where then is the change?

Hon. Mr. Macdonald: May I suggest that the change probably will be in this respect: at the present time the judges are each named to a district, but they can be invited to go to another district, if they are willing to do so. Under the new legislation they can be required to go to any district within the province?

Hon. Mr. Brunt: Yes, that is quite right.

Hon. Mr. Aseltine: I understand the judges will eventually be under the control of the Chief Justice of the Court of Queen's Bench.

Hon. Mr. Roebuck: Is it not so in Saskatchewan, as in Ontario, that the judge has his headquarters at a certain judicial centre, usually the county seat; and if he desires help he can invite some other judge to come and hear cases in his bailiwick? It is the custom, and I think it is a courtesy observed by all judges, that they do not invade one another's territory without being asked to do so.

The authorities, being the Attorney General and the Chief Justice, are careful not to offend these judges. I fancy this proposed legislation is aimed at getting away from the situation where a judge has a principality, so to speak, over which he reigns, and is perhaps jealous of his territorial rights and carries more work than he should.

Hon. Mr. Aseltine: Honourable senators, I do not pretend that I am entirely in favour of the new act proposed by the province of Saskatchewan, but this bill does not go that far. I may say I am quite satisfied with the present system: we have our own judge in our own judicial district and he does most of the work. I am just wondering, from a personal point of view, whether I would be able to get the work in my office done any more efficiently under the proposed new system than I can under the present system.

However, I can't help it. The question before us is, are we going to pass this proposed amendment to the Criminal Code so that if the Saskatchewan act is proclaimed a person will be able to appeal from a summary conviction under which he feels he has suffered a grievance?

Honourable senators will note that the bill will not come into effect until it is proclaimed, and I am quite sure it will not be proclaimed until the Saskatchewan act has been proclaimed.

Hon. Mr. Roebuck: In that connection, should we not have some assurance as to what is going to take place? We are being asked to pass a bill on the chance that the province of Saskatchewan will proclaim its bill. We are to assume that if it proclaims its bill then our own executive will proclaim the measure now before us. Before we pass this bill should we not have a definite understanding from the province that it is going to proclaim its bill?

Hon. Mr. Aseltine: The province of Saskatchewan cannot possibly proclaim its act unless this amendment goes through. It could not possibly do that, because if it did no one would have the right to make a proper appeal.

Hon. Mr. Macdonald: And vice versa; the dominion Government cannot proclaim this act until the Saskatchewan act is passed.

Hon. Mr. Aseltine: That is right.

Hon. Mr. Roebuck: Should not the honourable Leader of the Government be in a position to assure this house of just what is going to take place?

Hon. Mr. Aseltine: Oh, no, I can't do that. For all I know, the Saskatchewan act may be amended. Honourable members will understand that it is absolutely impossible to proclaim the Saskatchewan act unless this amendment is made, for otherwise the rights of appellants under the summary conviction section of the code would be taken away.

Hon. Mr. Roebuck: It is not impossible but it would be foolish.

Hon. Mr. Brunt: If this bill is not passed there will be no appeals.

Hon. Mr. Roebuck: There are people in favour of abolishing appeals.

Hon. Mr. Haig: This problem is not confined to Saskatchewan. The same problem exists in Manitoba and Alberta. The difficulty is this. Judges have been given jurisdiction over certain districts but, owing to shifting of population, some of these districts may have become too large for one judge and others perhaps too small, and the provincial government is trying to work out a system whereby there will be a fairer division of work among the judges throughout the province. I live close enough to Saskatchewan to know what is going on there and I think we should try to help that province. Some of the judges are overworked while others perhaps have not enough to do. I would be all in favour of helping the Saskatchewan Government make this change if it wants it. I do not believe it would ask for legislation if it was not necessary, and as an outsider all I can say is that according to stories I have heard coming from that province this legislation is badly needed.

Hon. Mr. Hugessen: Honourable senators, I do not see how we can possibly control the province of Saskatchewan and tell it we will not do something unless it first announces to us what it is going to do. Surely all we are asked to do is to put the Criminal Code into such a position that if and when the Saskatchewan act is proclaimed as law we shall have protected the right of the appellant in Saskatchewan to have the appeal which he has always had in the past. I see of no objection whatever to the bill.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Roebuck: I was wondering whether the honourable Leader of the Government (Hon. Mr. Aseltine) had completed his explanation. If he has I should like to say a word or two.

Hon. Mr. Aseltine: I believe I have covered all the necessary points.

Hon. Mr. Roebuck: My first word is to compliment the honourable leader on the lucid explanation he has given. My second word is that there is no substantive law here in which individuals are interested. It is purely procedural; I do not mean that procedure is unimportant in the Criminal Code, and it is very important in this situation. It is most desirable that we preserve the right of appeal from summary convictions. However, I do believe that it would have been a more business-like arrangement if the province of Saskatchewan had asked for this legislation and given us an assurance that it was going to proclaim its own.

Hon. Mr. Aseltine: The province asked for it and even sent its Attorney General down to Ottawa to hold a conference with the Minister of Justice.

Hon. Mr. Roebuck: I suggested a few minutes ago that the sponsor of the bill should have been in a position to assure us that that was the fact. It helps to know that the province asked for this legislation. The province would not ask for the legislation if not intending to proclaim its own act.

Hon. Mr. Macdonald: Oh, I don't know. Apparently the leader (Hon. Mr. Aseltine) is not sure himself.

Hon. Mr. Roebuck: I think we ought to have that assurance. Perhaps the honourable Leader of the Government will move reference of the bill to committee so that we may have this assurance from some of the officials who have been in touch with the legislation. I think we should have this assurance before we actually give the bill third reading. I do not like to see in our statutes acts that are unproclaimed. We should not pass a bill unless there is an intention to proclaim it and make it law; we should not clutter up our statute books with unproclaimed acts. I see nothing objectionable in the legislation and I feel it is necessary legislation. I am most concerned that we do not cripple an appellant or make it more difficult for him, and above all that we preserve his right of appeal. This bill would do that. I repeat that the bill should go to committee where we should get an undertaking as to just what is going to happen.

Hon. Mr. Aseltine: To which committee would my honourable friend suggest that the bill be referred?

Hon. Mr. Roebuck: The Standing Committee on Banking and Commerce handled the revision of the Criminal Code, and I suppose that would be the appropriate one.

Hon. Mr. Aseltine: I have no objection to the bill going to committee, although I do not see how it will help us. There is no real urgency about the matter, and if the bill is given second reading today I shall be pleased to move, if the honourable senator from Toronto-Trinity wishes me to do so, that the bill go to committee.

Hon. Mr. Roebuck: Yes, I advise that the bill be referred to committee. I want to know what the province is going to do.

Hon. Mr. Macdonald: I do not wish to delay passage of this bill any longer but it occurs to me that all that is taking place here today may turn out to have been a complete waste of time. We have no assurance that the province of Saskatchewan intends to proclaim its act, although that must be proclaimed before the bill before us can be effective. We have spent time this afternoon considering a bill which, if the province of Saskatchewan does not proclaim its own act, will never be proclaimed. It does seem to me that we are proceeding with consideration of this matter before we are sure that it is necessary to do so. Why could not Saskatchewan have fixed a day upon which its act would go into effect?

Hon. Mr. Aseltine: It could not do that.

Hon. Mr. Brunt: What would happen if this bill was not passed? There could be no appeals.

Hon. Mr. Macdonald: Before the proposed arrangement can be set up in Saskatchewan many months will have to be spent on working out the new procedure, and after the Government of Saskatchewan had decided to have its act proclaimed there would have been plenty of time for Parliament to pass this bill.

Hon. Mr. Aseltine: The Attorney General for Saskatchewan came to Ottawa and had a conference with the Minister of Justice. It was only after that conference that the Minister of Justice agreed to introduce this bill, so the province must have intended to proclaim the act.

Hon. Mr. Macdonald: I understood the minister to say that he did not know that Saskatchewan intended to proclaim the act.

Hon. Mr. Brunt: I understood him to say that he could not give that undertaking.

Hon. Mr. Macdonald: I understood from what the Leader of the Government (Hon. Mr. Aseltine) said that there is a feeling that the people of Saskatchewan think it is inadvisable to proclaim the act.

Hon. Mr. Brunt: That is quite possible.

Hon. Mr. Macdonald: And from what I have heard today it appears quite doubtful whether the act will be proclaimed in Saskatchewan. However, we have gone this far with the bill and I see no reason for holding it up, but I do not know yet why it was thought necessary to bring the bill before us at this time. I agree with the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that we should hear from officials of the Department of Justice and more especially as to why they feel it is advisable to pass the bill now.

Hon. Mr. Aseltine: In any event, after the bill has received second reading I shall move that it go to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Banking and Commerce.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 195 to 225, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the committee, moved that the reports be adopted.

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-154, for the relief of Eileen Rose Brown Porteous.

Bill SD-155, for the relief of Anita Duguay Brais.

Bill SD-156, for the relief of Sydney Lesser.

Bill SD-157, for the relief of Stella Rachel Cater Harris.

Bill SD-158, for the relief of Samuel Jack Goldberg.

Bill SD-159, for the relief of Beatrice Claire Carmichael Glas.

Bill SD-160, for the relief of Francis Allan Quinn.

Bill SD-161, for the relief of James Ross MacLaren Paul.

Bill SD-162, for the relief of Barbara Golebiowski Lorens.

Bill SD-163, for the relief of Nicholas Vogel.

Bill SD-164, for the relief of Viola Mary White Witt.

Bill SD-165, for the relief of Joseph Lucien Roland Richer.

Bill SD-166, for the relief of Marc Baillargeon.

Bill SD-167, for the relief of Lucille Perrin Ballard.

Bill SD-168, for the relief of Barbara Rae Lynch Harding.

Bill SD-169, for the relief of Estelle Leblanc Hebert.

Bill SD-170, for the relief of Georgiu Panajtiotis Yarenis.

Bill SD-171, for the relief of Shirley Watson Pennoyer.

Bill SD-172, for the relief of Anastasia Gorshko Hruby, otherwise known as Ann Gorshko Hruby.

Bill SD-173, for the relief of Edwin Showler.

Bill SD-174, for the relief of Nikolaj Kurdiaszow.

Bill SD-175, for the relief of Johann Schneider.

Bill SD-176, for the relief of Lise Beaudry Livingston.

Bill SD-177, for the relief of Beverly Georgina Berry Turpin.

Bill SD-178, for the relief of Shirley Eileen Ferris MacTavish.

Bill SD-179, for the relief of Maurice Turcotte.

Bill SD-180, for the relief of Christina Maxwell Biggs Sanderson.

Bill SD-181, for the relief of Thomas Patrick Heavers.

Bill SD-182, for the relief of Josephine Gertrude Rice Thornhill.

Bill SD-183, for the relief of Ruth Gruber Sosnowsky.

Bill SD-184, for the relief of Samuel Wasserman.

Bill SD-185, for the relief of Celia Bernhaut Jamensky.

Bill SD-186, for the relief of Mary Elizabeth Rainsborough Archer Rudner.

Bill SD-187, for the relief of Waldo John Brayton.

Hon. Mr. Roebuck: Honourable senators, may I take the occasion to answer a question put to me yesterday by the honourable Leader of the Opposition (Hon. Mr. Macdonald)? He inquired how many contested cases still awaited trial. I was unable to give a definite answer, but said that earlier this session we had notices of contestation in 30 cases. I now have the following information:

Respondents have appeared and actually opposed 12 petitions, up to and including Wednesday, July 16.

Of the 18 opposed petitions remaining, not more than four are expected to proceed at the present session.

Hon. Mr. Macdonald: Thank you.

Motion agreed to and bills read second time, on division.

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

Hon. Mr. Roebuck: Next sitting.

BANKING AND COMMERCE COMMITTEE

MEETING RESUMED

On the motion to adjourn:

Hon. A. K. Hugessen: Honourable senators, at the meeting of the Standing Committee on Banking and Commerce this morning I was appointed acting chairman. We considered for two hours the bills to amend the Trust Companies Act and the Loan Companies Act. We had not concluded our consideration when

the committee adjourned, at half past twelve, and I think honourable senators received notice that the committee would proceed immediately after adjournment of the Senate.

Hon. Mr. Macdonald: Could the acting chairman (Hon. Mr. Hugessen) tell the Senate what witnesses have already been called, or what witnesses are expected to be called when the committee resumes? It was impossible for some of us to be present for the whole proceedings this morning.

Hon. Mr. Hugessen: The only witnesses heard so far and, so far as I know, the only witnesses to go on with, or who will have any desire to be heard, are the Superintendent of Insurance, Mr. MacGregor, and the Secretary-Treasurer of the Dominion Mortgage and Investments Association, representing the trust companies and the loan companies involved in this legislation.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 17, 1958

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

Prayers.

PRIME MINISTER OF GHANA

TO ADDRESS MEMBERS OF BOTH HOUSES

Hon. W. M. Aseltine: Honourable senators, before the business of the house is proceeded with, I would like to make an announcement. I feel sure you have been pleased to learn that the Honourable Dr. Kwame Nkrumah, M.P., Prime Minister of Ghana, has accepted an invitation extended by the Government to visit Canada. Dr. Nkrumah's visit will take place immediately before his visit to the United States. He will arrive in Ottawa on Saturday, July 19, and will remain until Wednesday, July 23.

Honourable senators will also be pleased to learn that Dr. Nkrumah has consented to address both Houses of Parliament in the chamber of the House of Commons on Monday, July 21, that is next Monday, at 11.00 a.m.

As is usual on such occasions, accommodation will be provided on the floor of the house for our use during the address, and I sincerely hope that as many honourable senators as possible will be in attendance.

At the conclusion of the address of the Honourable Dr. Kwame Nkrumah, that is at approximately 11.45 a.m., the Prime Minister of Canada will escort him to the Railway Committee Room of the House of Commons where a reception will be held for him so that he may meet members of both Houses of Parliament. The reception is expected to last until 12.45 p.m.

CANADA-BELGIUM INCOME TAX CONVENTION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-28, to implement a convention between Canada and Belgium for the avoidance of double taxation with respect to income taxes.

Bill read first time.

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

Hon. Mr. Aseltine: Wednesday next.

CANADA-BELGIAN CONGO INCOME TAX CONVENTION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill 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.

Bill read first time.

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

Hon. Mr. Aseltine: Wednesday next.

YUKON BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-35, to amend the Yukon Act.

Bill read first time.

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

Hon. Mr. Aseltine: In case honourable senators would like to have a brief explanation of the bill, I am prepared to give it. Honourable senators will remember that at the last session of Parliament I moved the second reading of a bill which was practically on all fours with this one and which was passed in this chamber, to amend the Northwest Territories Act. I believe that at that time I stated a similar bill to amend the Yukon Act would be introduced at this session.

This bill proposes five principal amendments, four of which are of an administrative character. No. 1 has to do with borrowing and lending powers extended to the Commissioner in Council of the Yukon. No. 2, with the appointment of deputy police magistrates. No. 3, with the appointment of judicial and other officers for the administration of justice in the Yukon. No. 4, with the manufacture and importation of liquor. No. 5 is merely a boundary definition.

Hon. Mr. Roebuck: Thank you.

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

Hon. Mr. Aseltine: Tuesday next.

Hon. Mr. Macdonald: Does the honourable senator expect to proceed on Tuesday next?

Hon. Mr. Aseltine: This bill will be explained, I expect, by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). He will be here on Tuesday evening and I understand he will be ready to explain the bill then.

NATIONAL PARKS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-36, to amend the National Parks Act respecting boundaries of Cape Breton Highlands National Park.

Bill read first time.

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

Hon. Felix P. Quinn: At the next sitting of the house.

Honourable senators, I may say the purpose of this bill is to convey a portion of the Cape Breton Highlands National Park to the Nova Scotia Government for the purpose of hydro-electric power development.

Hon. Mr. Crerar: Could the honourable senator give us a little information as to what portion of the park is to be withdrawn?

Hon. Mr. Quinn: At the moment I cannot describe the exact area, but it is in the vicinity of Wreck Cove. I will obtain the information and give it to honourable senators at the next sitting of the Senate.

Hon. Mr. Aseltine: The part to be withdrawn from the park covers an area of about 10 square miles.

Hon. Mr. Crerar: But where is it to be taken out of—the north side, the east side, the west side or the south side?

Hon. Mr. Brunt: Or from the centre?

Hon. Mr. Quinn: It is on the east side of the park, the Atlantic Ocean side, in that vicinity.

DOCUMENT TABLED

Hon. Mr. Aseltine: Honourable senators, I beg to lay on the Table:

Copy of a Report by the Tariff Board, dated April 2, 1958, relative to the investigation ordered by the Minister of Finance respecting textile wastes (all fibres), slivers, etc. (wool or hair), rovings, yarns (wool or hair), being Reference No. 125 (Textiles) (English and French texts); together with a copy of the transcipt of the evidence presented at public hearings; as required under section 6 of the Tariff Board Act, Chapter 261, R.S.

TRUST COMPANIES BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-11.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-11) intituled "An Act to amend the Trust Companies Act", have in obedience to the order of reference of July 15, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

MOTION FOR THIRD READING—DEBATE ADJOURNED

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

Hon. Mr. Brunt: With leave of the Senate, I move the third reading of the bill.

Hon. Mr. Power: Honourable senators,—

Hon. Mr. Roebuck: Honourable senators, we can proceed to third reading of this bill today only with consent.

Hon. Mr. Brunt: I asked for consent.

Hon. Mr. Roebuck: That is unanimous consent, of course. I am prepared to give my consent to the motion for third reading today provided that the debate is not closed. I will be glad to hear what the honourable senator from Gulf (Hon. Mr. Power) has to say, but I give notice that I intend to move adjournment of the debate on both this bill and the Loan Companies Bill.

Hon. Mr. Macdonald: Agreed.

Hon. Mr. Haig: Does the honourable gentleman consent?

Hon. Mr. Roebuck: I do, but on the understanding that the debate is adjourned today and that we do not try to push these things too far.

Hon. C. G. Power: Honourable senators, I rise to reiterate the objections which were made to certain sections of Bill S-11 when it was before the committee.

The bill contains 13 clauses and a schedule. As has been said, I think in this chamber and in the committee, only two or three clauses are of any importance whatsoever; the others are coincidental, when they are not absolutely useless.

The first section to which I would object is section 10, which gives the proposed new subsection (3) of section 70 of the act, as follows:

The aggregate of the sums of money borrowed and of money entrusted to the company for investment, the repayment of which is guaranteed by

the company, shall not exceed twelve and one-half times the amount of the unimpaired paid-up capital stock and reserve of the company.

I may say in passing that under the act that is being amended by this piece of legislation, the amount of money for investment should not exceed 10 times the amount of unimpaired paid-up capital stock and reserve of the company. This section will have the effect of allowing such companies to extend their loans by approximately, if I remember rightly what was said in the committee, 25 per cent.

The other section to which there was some objection voiced, not only by me but by others in the committee, in section 12, which would add to the act a new section, No. 72A. Paragraph (a) of subsection (1) of that section deals with the value of securities in the hands of companies and the reports which they are to make with respect to securities. That paragraph reads:

(a) "Amortized value",

which is the value that these companies are entitled to place in their reports—

—when used in relation to the value of a redeemable security at any date after purchase, means a value so determined that if the security were purchased at that date and at that value, the yield would be the same as the yield with reference to the original purchase price.

Frankly, I have not been able to understand just what those words mean. But, as it was explained to us, they really mean that from now on, for the purpose of making these reports and, I take it, for the purpose of lending money, the market value of the securities—and here I must make another distinction: the securities referred to are dominion and provincial bonds, not others—will be taken at their amortized value. This, to my mind, does not give a true picture of the assets of the corporation.

I have taken objection to these two sections and I propose to reiterate my position. It is simply this: this is a public bill, introduced by the Government; it is a bill which reflects Government policy. For a bill of this kind to receive favourable consideration and approval I suggest that it should show that it is in the public interest, in the interest of the people as a whole. Now in the evidence which was given clearly and frankly before the committee—and I followed it carefully—there was not one tittle of evidence to show that this bill was to the advantage of anybody else but the trust companies.

Hon. Mr. Brunt: Would the honourable senator permit a question?

Hon. Mr. Power: Certainly, dozens of them.

Hon. Mr. Brunt: I believe that in 1950 the honourable senator sponsored a bill on behalf of the Quebec Savings Banks to do exactly what this bill proposes to do.

Hon. Mr. Power: Exactly.

Hon. Mr. Brunt: And at that time he was in favour of the amortized values for bonds.

Hon. Mr. Power: Quite.

Hon. Mr. Brunt: And since that time he has changed his mind, and now states it is not a good thing.

Some Hon. Senators: Question!

Hon. Mr. Power: A question has been asked, and it will be answered fully.

My friend and anyone else in this house is entitled to espouse, to support, and to use to contradict me, any of my ancient, discredited and discreditable opinions. It is the surest sign of grace that one is willing to admit and make atonement for one's sins of the past. I hope my honourable friend will take that to heart.

I do not want to draw a distinction which is not a difference, but I submit, though not in defence of myself, that an offence was committed—my honourable friend may call me a miscreant if he likes—that it was bad legislation then and it is bad now. But I would make this distinction: when a private bill is introduced in this house or in any legislature, the person who espouses or advocates it comes forward frankly and says, "This bill is to our advantage; we are asking for certain privileges from this house." But that is not the case in this instance. That is my point. In this instance this is a public bill. I am not trying to raise any political issue, because there are more supporters of my honourable friend's position on this side of the house than on his.

Hon. Mr. Brunt: There will have to be to get the bill passed.

Hon. Mr. Macdonald: You never know until they are counted.

Hon. Mr. Power: In this case it is the duty of those who are advancing this bill to show that it is in the public interest.

It has been proved beyond a doubt that the trust companies will benefit by the passage of the bill. As a matter of fact, my honourable friend when explaining the bill said it was introduced at the request of or, perhaps, at the solicitation of, the trust companies. Some senators on this side of the house inquired if the trust companies wanted it; and, when the word was given that they did, those senators said that the bill was all right. Near the conclusion of

the proceedings in the committee one honourable senator said: "What kind of objection can we have to this bill? The men who compose these trust companies are honourable and respectable men; they are big businessmen. Let us stop all this arguing and give them what they want."

Honourable senators, that is simply and solely the reason for my objection. I have not said that these men are not honourable and reputable men, or that they won't make more money if they get the bill through. They are reputable men but they will make more money out of this if they get the bill through. I am not contesting that at all. I am just asking in the interests of the ordinary man in Canada what his interest is in this bill. I have not found out. I have endeavoured to find out and I thought perhaps my honourable friend would be able to explain it, but it was not explained in the evidence given to us before the committee. Far be it from me to endeavour to bring into a discussion of this kind a man of the reputation, character, capacity and intelligence of Mr. MacGregor, the Superintendent of Insurance. I do not want to make him a party to this case at all but perhaps I could say without in any way dragging him into the argument that it was with great difficulty we were able to get from him anything like a very cordial assent to these provisions.

The Superintendent of Insurance has been appointed by the authorities to be the watchdog of the people of Canada on these institutions. He told us that under section 10 the companies asked for power to borrow up to 15 times their paid-up capital and that he would have preferred to have it remain at 10 times but as a compromise he said 12½ times. I could see that he was reluctant to take sides in the matter, but with respect to the amortized as against the market value he said on more than one occasion that he was market-value conscious rather than amortized-value conscious. I think all those who attended the committee will agree that that is what he said.

Hon. Mr. Pouliot: Would the honourable senator permit me to interrupt to ask a question?

Hon. Mr. Power: Certainly.

Hon. Mr. Pouliot: For the benefit of the readers of *Hansard* who are not familiar with financial technicalities, would the honourable gentleman tell us what the difference is between market value and amortized value?

Hon. Mr. Power: I don't understand what it is from reading the bill but as I understand it in common, ordinary terms—and please pardon me if I use that language with reference to the eloquent discourse made by the honourable gentleman from Hanover (Hon. Mr. Brunt) when he explained the bill—if a bond is purchased by one of these companies to be put in its portfolio at, let us say, $95, then every year the value of the bond is presumed to increase by a certain arbitrary figure, let us say, 50 cents or $1, so that at maturity, when the bond is due, it will be worth $100; and even if the bond goes down to $50 in the second year it will still be carried in the company's report for that year, at $96.

Perhaps I am subject to correction in my explanation but that is how I understand it, in simple terms. So that the picture given by these reports is not the true picture. It is true that somewhere in its report the company is obliged to give the market value, but what goes out to the public is not the market value but the amortized value, which in some cases may be a great deal lower than the market value and in other cases might even be higher. I am not discussing that. The point I am discussing is that it is not a true picture of the portfolio which this institution has, and that is with respect to the securities which guarantee the borrowings made by these institutions from the public.

In taking this attitude with respect to corporations, I have on consideration come to the conclusion that one of the functions of the Senate is to be prudent and to protect the rights of property. I could go back to the time of Confederation and perhaps find there that one of the reasons for constituting the Senate and for making provision that senators should have property qualifications was that the Fathers of Confederation believed it would be good for Canada to have a body which would have a stake in the country—a stake which is now represented not so much by real estate as by holdings of stocks and bonds—a body which would be conscious of property rights. I think evidence of that is clear in their decision to insist that members of this house hold real estate. But, unfortunately for me, I was brought up in a different atmosphere, in the atmosphere of another chamber where there was not the same respect for or the same tradition with regard to property rights. Perhaps I should not be in this chamber at all if its function is to protect properties, but I do not feel it is part of my duty—and I am not alone in this, though perhaps there are not too many who agree with me—to act as a bulwark against the demands of the people or, as was expressed by some of the Fathers of Confederation, to act as a bulwark against universal democracy.

Don't forget that democracy wasn't looked on with very much favour by the people in those days. I could quote from the most respected Fathers of Confederation phrases in which they decried universal democracy

as practised in the United States of America. I think the institution of the Senate was to prevent that kind of thing in Canada. This was a bulwark against democracy. Well, I cannot share that view. I quite understand that other members of this house may feel they are carrying on the traditional function which they were intended to carry on, but I do not. I have been too long in the other section of our Canadian public life to have that same feeling with respect to property and financial authority, and when it requests something I do not feel the request should be readily granted without our making some inquiry into whether or not the generality of the public is to be benefited by it. I therefore raise these objections to this bill.

Hon. A. Neil McLean: Honourable senators, with respect to sections 10 and 12 of Bill S-11, I would simply like to repeat now what I said in committee when the members divided on this bill. It has been said that we have given such powers to chartered banks and insurance companies. We have an Inspector General of Banks who is accountable to Parliament; we also have a Superintendent of Insurance, who was before us in committee yesterday, who is accountable to Parliament and protects us in a good way. The trust companies and loan companies, large and small, all over the country, assume the same powers as the banks without proper supervision, so what control have we? I do not think I can remember a time since the hungry thirties when we had such a poor bond market as today. Bonds are dropping steadily, and they are going to drop further. In my humble opinion, an 8 per cent margin is too low. We have seen bonds drop four or five points in one day, and provincial bonds which were bought at par are down to nearly 80. There is no provision for reserve.

Now, as far as amortized values go, it is certainly not sound. The federal Department of Insurance has always opposed such a policy, because it means a false balance sheet as far as values are concerned, and there is no way out of it. The general public get a statement and look at what the bonds are worth. They do not understand amortized value any more than the senator who just spoke does or than I do. Now, if a small company goes into liquidation, all that the liquidators get is what the bonds are actually worth, and the amortized value goes out the window. If they find a buyer and sell out, the buyer only pays exactly what the bonds are worth on the market; they will not pay the amortized value at all. The market value is all that will be received.

Honourable senators, I think the general public should be protected. We are told that the purpose of the Senate is to represent the general public of Canada, but I do not think we are protecting the general public if we allow balance sheets to go out which are false. A company's assets should be shown on its balance sheet at their true market value, not a false value.

Hon. Calvert C. Pratt: Honourable senators, as a member of the committee which has been referred to, I should like to acknowledge that I am probably the one whom the honourable senator referred to a moment ago as having said that as the clause in question had been agreed to between the trust companies and the overseeing officials of Government it might remain as it is. In that connection I was referring to one item only, which is the method of valuation in the annual statement, and that is a matter of procedure. Any businessman who would take such a statement without examination and without breaking down the basis of value and judging the relative amortized value as compared with the market value would not know very much about what he was doing. The point is that the amortized value has relation to what was paid for a security, the period it will be outstanding and what it will eventually be worth when it matures.

As I stated in committee, I think a great many irrelevant issues have been introduced concerning those two terms of value as applying to this bill. It has been argued that the official valuation in the annual statement should be the current market value. It would be entirely deceptive to appraise the financial position of a company throughout the year just on the basis of the market values of its assets at the date of its annual report. Perhaps within one month, or even within a week, something might happen in the security markets that would change the situation very much. We have been discussing really a matter of procedure. As a matter of fact, it is the practice, as we know, for business organizations which submit their investments for public or official scrutiny to submit a schedule of market values as well. It does not make sense to submit an annual statement to the department on the basis of the value of securities on one particular day of the year, and to expect that from that statement the policy of a particular trust company, or whatever company it is, is to be judged for a whole year. The point is that when men who are heads of important trust companies with tremendous responsibilities, and officials of a department of the Government whose duty it is to appraise the companies' actions and procedure, agree on certain methods of recording values as being correct, we are only making a mountain out of a molehill to say their methods are deceptive and might lead people astray.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Pratt: Nothing could be more deceptive than to submit an annual statement which possibly represents all types of securities and to show only how they stand in value on a certain day of a year. Nothing could be more misleading than to have the annual recorded values which just reflect market values at one date in the year. That is why I think the amortized plan which is related to both the cost and ultimate returns is the proper one to use in this case.

Hon. Mr. Isnor: Would the honourable senator be good enough to allow a question?

Hon. Mr. Pratt: Yes.

Hon. Mr. Isnor: In connection with the market value, what is the position of a bank when a merchant, say, enters the bank and makes application for a loan on a security? Does the bank take the market value or some other value at that particular date?

Hon. Mr. Pratt: I do not think that has any application at all.

Hon. Mr. Isnor: Oh, yes, I think it has.

Hon. Mr. Pratt: We are now discussing the appraisal of the value of trust companies.

Hon. Mr. Isnor: It is the same principle.

Hon. Mr. Pratt: If what my honourable friend inquires about is a specific loan against one specific security, then the value of that security at the date of application for the loan would naturally be taken into account. But to answer the honourable gentleman's question, I cannot imagine any institution taking a share certificate at any time of the year and saying it is going to loan money on that particular certificate simply because the value at a certain time—at the end of last December, or at the end of last March—was such and such. The question I do not regard as very relevant to the case under review. If, however, the amortized value is taken, that eventually becomes the actual value at some time.

Hon. Mr. McLean: Honourable senators, may I make a correction for the honourable senator from St. John's West (Hon. Mr. Pratt)? Yesterday I asked a question of the Superintendent of Insurance and he told us that his department had always opposed amortized values and they were not recommended by his department.

Hon. Mr. Pratt: I did not understand that at all.

Hon. Gordon B. Isnor: Honourable senators, I have not a great deal to say in regard to this bill. The ground has been pretty well covered by the honourable gentleman who first raised objection to sections 10 and 12. I am not strongly opposed to section 12, although I think trust companies are put in a somewhat different position from the ordinary businessman who takes a list of securities into the bank to make application for a loan. Naturally they look down the list and then compare the market value at that particular date when the application for loan is being made, and it is from the market value at that date they determine whether the loan is worth consideration and how much the loan will be. If a particular bond has dropped from 100 to 85, and the bank is going to loan 75 per cent of the original price, it will take 75 per cent of the 85, which lowers the value in dollars and cents of the loan. That is all I have to say about section 12.

I want to support the honourable senator in regard to section 10. There has been a steady increase in the amount of the borrowing power of trust companies, starting off, if I remember correctly, in 1914 at five times the amount of the paid-up capital. A few years later it was increased from five to seven times, which meant an increase of, roughly speaking, 40 per cent. Then a few years later it was increased from seven to ten, which meant another 45 per cent increase. Now the trust companies give as their reason for asking for an increase from ten to twelve and one-half times the amount of the paid-up capital, that the life insurance companies and the banks have this power.

It would appear to me that we are placing too much money on the market at the present time.

Hon. Mr. Connolly (Ottawa West): Does the honourable gentleman think the measure is inflationary?

Hon. Mr. Isnor: It could be taken that way but I am not prepared to say it is. I am not an authority in that respect. However, I do know that if you increase the amount of money a company may borrow from ten to twelve and one-half times the amount of its unimpaired paid up capital stock and reserve, you are running into many millions of dollars and it is bound to have its effect on the market. That is about as fair an answer as I can give in respect to your question.

Hon. Mr. Brunt: Surely the honourable senator does not think this particular section is going to create any new money?

Hon. Mr. Isnor: I said I did not know what effect it would have on the market, but I do know, and I repeat for the benefit of the senator who asked the last question, that you cannot put additional millions of dollars on the market without their having some effect. And that is what you are doing

by this bill, which gives these companies the opportunity of increasing their borrowing powers from ten times to twelve and one-half times the amount of their unimpaired capital stock and reserve. I am inclined to think, honourable senators, that it will have some effect on our financial condition and the economy of the country as a whole. I hesitate to agree that this is a good time to increase the borrowing powers of trust companies, notwithstanding the fact that I have a great deal of respect, as I feel all honourable senators have, for the place which trust companies occupy in the economy of our country.

For that reason I hesitate to give full approval to the bill as it now stands.

There is another reason. Like the honourable senator who raised this question I have always thought that I represented the man on the street, if you wish. Perhaps I am out of the moneyed class, but I do feel that the other side should have been given an opportunity. We heard one side only of this question, we heard from those asking for this increased power, and I think perhaps we should have stressed the point to a greater extent than we did in committee and in the Senate today that there should be an advertised public hearing so that all could have the opportunity of making representations.

Hon. Mr. Roebuck: That is right.

Hon. Mr. Brunt: Honourable senators, I realize that if I speak now I close the debate. I am not entitled to do this.

Hon. Mr. Macdonald: No, no.

Hon. Mr. Brunt: I do not want to close the debate, but I would like to make an explanation, if I may.

Hon. Mr. Roebuck: You cannot make two speeches. You may ask questions.

On motion of Hon. Mr. Roebuck, debate adjourned.

LOAN COMPANIES BILL

COMMITTEE AMENDMENT CONCURRED IN

Hon. A. K. Hugessen, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-10.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-10) intituled: "An Act to amend the Loan Companies Act", have in obedience to the order of reference of July 15, 1958, examined the said bill and now report the same with the following amendment:

Page 2, line 23: strike out "the company's Act of incorporation" and substitute "law".

Hon. Mr. Hugessen: Honourable senators, I might explain that this is a very minor technical amendment to one legal phrase in one section of the bill.

The Hon. the Speaker: Honourable senators, when shall this amendment be concurred in?

Hon. Mr. Brunt: Honourable senators, with leave, I move that the amendment be concurred in now.

Motion agreed to.

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

Hon. Mr. Macdonald: Next sitting.

Hon. Mr. Brunt: With permission of the Senate I would like to move the third reading now and have someone adjourn the debate; then it could be gone on with next Tuesday along with the Trust Companies Bill.

Hon. Mr. Hugessen: Honourable senators, it seems to me we do not need to repeat now the debate to which we have just listened. This bill is exactly the same as the preceding bill, and I would suggest that the honourable senator ask that it be placed on the Order Paper for third reading at the next sitting. Then it could be taken up at the conclusion of the debate that was initiated this afternoon.

Hon. Mr. Brunt: Very well, third reading next sitting.

LAND USE

REPORT OF COMMITTEE

Hon. Arthur M. Pearson, Chairman of the Special Committee on Land Use in Canada, presented the committee's second report.

The report was read by the Clerk Assistant as follows:

Your committee recommend that they be empowered to adjourn from place to place as they may determine from time to time.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Pearson: I would move that the report be adopted this afternoon, if that is agreeable.

Hon. Mr. Macdonald: May I ask the honourable senator who presented the report if it is the intention of the committee to sit at places other than Ottawa?

Hon. Mr. Pearson: That is the general idea. There is a possibility that we might have to sit elsewhere. We have no definite arrangements, but if that contingency were to come up we want to have power to sit at some other place besides Ottawa.

Hon. Mr. Macdonald: It seems to me that before approving of this report the house should have some idea as to where the committee proposes to sit. I would prefer that the chairman allow consideration of the report to stand over until a number of us have had an opportunity of considering it.

Hon. Mr. Pearson: That is satisfactory. I will move adoption at the next sitting.

PRIVATE BILLS

OGDENSBURG BRIDGE AUTHORITY—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill S-12.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-12) intituled: "An Act respecting Ogdensburg Bridge Authority", have in obedience to the order of reference of July 10, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Connolly (Ottawa West): Next sitting.

ALGOMA CENTRAL AND HUDSON BAY RAILWAY COMPANY—REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill S-13.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-13) intituled: "An Act respecting The Algoma Central and Hudson Bay Railway Company", have in obedience to the order of reference of July 10, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Connolly (Ottawa West): Next sitting.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move that when the Senate adjourns today it stand adjourned until Tuesday next, July 22, 1958, at 8 o'clock in the evening.

Motion agreed to.

DIVORCE

BILLS—THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-154, for the relief of Eileen Rose Brown Porteous.

Bill SD-155, for the relief of Anita Duguay Brais.

Bill SD-156, for the relief of Sydney Lesser.

Bill SD-157, for the relief of Stella Rachel Cater Harris.

Bill SD-158, for the relief of Samuel Jack Goldberg.

Bill SD-159, for the relief of Beatrice Claire Carmichael Glas.

Bill SD-160, for the relief of Francis Allan Quinn.

Bill SD-161, for the relief of James Ross MacLaren Paul.

Bill SD-162, for the relief of Barbara Golebiowski Lorens.

Bill SD-163, for the relief of Nicholas Vogel.

Bill SD-164, for the relief of Viola Mary White Witt.

Bill SD-165, for the relief of Joseph Lucien Roland Richer.

Bill SD-166, for the relief of Marc Baillargeon.

Bill SD-167, for the relief of Lucille Perrin Ballard.

Bill SD-168, for the relief of Barbara Rae Lynch Harding.

Bill SD-169, for the relief of Estelle Leblanc Hebert.

Bill SD-170, for the relief of Georgiu Panajtiotis Yarenis.

Bill SD-171, for the relief of Shirley Watson Pennover.

Bill SD-172, for the relief of Anastasia Gorshko Hruby, otherwise known as Ann Gorshko Hruby.

Bill SD-173, for the relief of Edwin Showler.

Bill SD-174, for the relief of Nikolaj Kurdiaszow.

Bill SD-175, for the relief of Johann Schneider.

Bill SD-176, for the relief of Lise Beaudry Livingston.

Bill SD-177, for the relief of Beverly Georgina Berry Turpin.

Bill SD-178, for the relief of Shirley Eileen Ferris MacTavish.

Bill SD-179, for the relief of Maurice Turcotte.

Bill SD-180, for the relief of Christina Maxwell Biggs Sanderson.

Bill SD-181, for the relief of Thomas Patrick Heavers.

Bill SD-182, for the relief of Josephine Gertrude Rice Thornhill.

Bill SD-183, for the relief of Ruth Gruber Sosnowsky.

Bill SD-184, for the relief of Samuel Wasserman.

Bill SD-185, for the relief of Celia Bernhaut Jamensky.

Bill SD-186, for the relief of Mary Elizabeth Rainsborough Archer Rudner.

Bill SD-187, for the relief of Waldo John Brayton.

Motion agreed to and bills read third time and passed, on division.

The Senate adjourned until Tuesday, July 22, at 8 p.m.

THE SENATE

Tuesday, July 22, 1958

The Senate met at 8 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

DOCUMENTS TABLED

Hon. Gustave Monette: Honourable senators, I beg to lay on the table the following documents:

The Canada Gazette, Part II, Statutory Orders and Regulations, 1958, of Wednesday, July 9, 1958, pursuant to section 7, of the Regulations Act, Chapter 235, R.S. (English and French texts).

Study prepared for the Royal Commission on Canada's Economic Prospects, entitled "Output, Labour and Capital in the Canadian Economy". (English text).

Report of Canadian Arsenals Limited for the fiscal year ended March 31, 1958, as required by section 85 of the Financial Administration Act, Chapter 116, R.S. (English text).

Report on operations under the Farm Improvement Loans Act for the year ended December 31, 1957, pursuant to section 27, of the Act, being Chapter 105, R.S. (English and French texts).

PRIVATE BILL

STANMOUNT PIPE LINE COMPANY—FIRST READING

Hon. Gunnar S. Thorvaldson presented Bill S-14, respecting Stanmount Pipe Line Company.

Bill read first time.

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

Hon. Mr. Thorvaldson: Thursday next.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 226 to 257, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

CONGRESS FOR WORLD GOVERNMENT

INQUIRY

Hon. Jean-François Pouliot: Honourable senators, I presume that all of you have received an elaborate invitation from the Seventh World Congress of the World Association of Parliamentarians for World Government. It is elaborate and flashy. I wonder if that organization for World Government has the support of the Canadian Government and if the Canadian Government is sending delegates to that conference, which will take place in September next. I know that the Acting Leader of the Government (Hon. Mr. Monette) is not in a position to answer me at once but I hope that he will be kind enough to get in touch with the proper authority in order to let us have that information as soon as possible.

SUGGESTED APPOINTMENT OF MR. JOHN BRACKEN TO PRIVY COUNCIL

While I am on my feet I have a suggestion to make to the Government. In the past I was not very successful with my suggestion that the Government should have printed a million copies of the beautiful address broadcast by Her Majesty the Queen on the occasion of her visit here, in order to distribute it to the school children of Canada through the provincial authorities. Nothing was done. I have also suggested that all provincial Prime Ministers should be appointed to the Privy Council. There again I was not successful. But I have another suggestion to make which I hope the Government will consider favourably. Some years ago, for the first time that such a thing was done in the history of Canada, the Honourable George Drew, Q.C., then national leader of the Conservative Party, was appointed to the Privy Council by the Liberal Government of the Right Honourable Louis St. Laurent. I wonder if the Acting Leader of the Government will convey to the Prime Minister my suggestion that the only surviving national leader of the Conservative party who is not a Privy Councillor, Mr. John Bracken, should be appointed to the Privy Council.

Hon. Mr. Monette: I will bring the inquiry of the honourable senator to the attention of the Leader of the Government.

Hon. Mr. Pouliot: And my suggestion, if you please. Thank you.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-188, for the relief of Jean-Paul Camire.

Bill SD-189, for the relief of Evelyn Zigayer Sedawey.

Bill SD-190, for the relief of Eleanor Wanda Leshynska Ross.

Bill SD-191, for the relief of Irene Rondeau Desbiens.

Bill SD-192, for the relief of Victor Petrashevics.

Bill SD-193, for the relief of Joseph Adrien Octave Guillotte.

Bill SD-194, for the relief of Jeannette Jaslow Feifer.

Bill SD-195, for the relief of Edith Rosen Browman.

Bill SD-196, for the relief of Paul-Emile Papineau.

Bill SD-197, for the relief of Joan Patricia Gatien Juzenko.

Bill SD-198, for the relief of Myrto Mona Diane Chevrette Cadieux.

Bill SD-199, for the relief of William Harrison Terry.

Bill SD-200, for the relief of Andrzej Skarzynski.

Bill SD-201, for the relief of Otta Zilkalns.

Bill SD-202, for the relief of Leo Milette.

Bill SD-203, for the relief of Angelina Di Battista Overland.

Bill SD-204, for the relief of Robert Herman Kashower.

Bill SD-205, for the relief of Evelyn Mills Miles.

Bill SD-206, for the relief of Margaret Alguire Kernaghan.

Bill SD-207, for the relief of Georges Albert Hetu.

Bill SD-208, for the relief of Francisca Catharina Sanders Simard.

Bill SD-209, for the relief of Yolande Robert LeBel.

Bill SD-210, for the relief of Joseph Anthime Roland Bock.

Bill SD-211, for the relief of Clarence Joseph Reilly.

Bill SD-212, for the relief of Elizabeth Christina Law MacNab.

Bill SD-213, for the relief of Frank Joo.

Bill SD-214, for the relief of Eileen Annie Elizabeth Stonebridge Hopkinson.

Bill SD-215, for the relief of Giuseppe Fusari.

Bill SD-216, for the relief of Jean Adolphe Abel Mathys.

Bill SD-217, for the relief of Catherine Regina Hearn Cullen.

Bill SD-218, for the relief of Richard Cloutier.

Bills read first time.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

PRIME MINISTER OF GHANA

ADDRESS TO MEMBERS OF BOTH HOUSES

Hon. Gustave Monette: Honourable senators, with leave of the Senate, I move, seconded by the Honourable Senator White:

That the address of the Prime Minister of Ghana, the Honourable Dr. Kwame Nkrumah, before the members of the Senate and of the House of Commons, in the chamber of the House of Commons of Canada, July 21, 1958, and other addresses delivered on that occasion, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*, and form part of the permanent records of this house.

Motion agreed to.

See appendix to today's Hansard, *pp. 359-63.*

PRIMARY PRODUCERS

INCOME, EMPLOYMENT, FARM DEBTS, ASSETS AND ACREAGE—INQUIRY AND ANSWER

Hon. John A. McDonald inquired of the Government:

I. What is the average income for each of the last five years for each of the following groups,—
(a) farmers?
(b) lumbermen?
(c) fishermen?
(d) miners?

II. How many were employed in each of the above groups for each of the last five years?

III. What were the total farm debts for each of the last five years?

IV. What were the farmer-owners equities in land and other assets in each of the last five years?

V. What was the average size of the farms in the last five years in
(a) Provinces of New Brunswick, Nova Scotia and Prince Edward Island?
(b) Provinces of Quebec and Ontario?
(c) Provinces of Manitoba, Saskatchewan and Alberta?

Hon. Gustave Monette: I have the following answer to the honourable gentleman's inquiry:

I. The Dominion Bureau of Statistics advises that income data are not compiled for the above mentioned occupation groups. Income data are compiled on the basis of industrial classifications, but these include all persons employed in the agricultural, lumbering, fishing and mining industries, so that the averages for each group would not be indicative of the incomes of those in various occupations within the groups, i.e., miners as compared with executives.

(a) Minister of Agriculture advises information not available in his department.

(b) Minister of Northern Affairs and National Resources advises information not available in his department.

(c) Minister of Fisheries has supplied the following information available through his department:

Information has been supplied for the five-year period from 1952 to 1956 as complete

information for the year 1957 is not yet available:

Average income: Based upon official estimates of the number of fishermen in Canada and the total landed value, the average gross income per fisherman ranged from $1,137 in 1952 to $1,425 in 1956. It is generally assumed that current expenses of fishermen (excluding mortgage payments and interest on investment) are usually about one-third of gross receipts. On this basis the average net income of fishermen in Canada varied from $757 in 1952 to $949 in 1956.

It should be remembered, however, that there are a large number of part-time fishermen earning a very small proportion of their income from fishing and that the net income per man-year varies from an average of $250 for a shareman in the small-boat fisheries of Newfoundland and Quebec to an average of $5,000 for a skipper on an Atlantic coast dragger or Pacific coast purse-seiner.

Year	Number of Fishermen	Value of Landings (million $)	Average Gross Income Per Fisherman	Average Net Income Per Fisherman
1952	81,672	92.9	$1,137.00	$757.00
1953	78,638	90.3	1,148.00	764.00
1954	80,193	98.1	1,223.00	814.00
1955	78,511	91.5	1,165.00	776.00
1956	74,568	106.3	1,425.00	949.00

(d) The Mineral Resources Division of the Department of Mines and Technical Surveys has supplied the following information:

Average income of miners for each of the past five years:

	Annual	Weekly
1953	$3,381.00	$65.67
1954	3,480.00	67.01
1955	3,621.00	69.60
1956	3,840.00	73.53
1957	4,317.00	83.03

(Preliminary figures for the year 1957)

II. The Dominion Bureau of Statistics has supplied the following information:

Persons with jobs (yearly averages)

	Agricultural occupation	Fishing, logging and trapping occupations (*)	Mining Occupation
	(—estimates in thousands—)		
1953	863	93	58
1954	880	97	65
1955	825	108	68
1956	781	111	71
1957	751	104	67

(*) Not separately classified

III. Information not available from any source.

IV. Information not available from any source.

V. The Dominion Bureau of Statistics has supplied the following information—Available from 1951 and 1956 censuses only:

	1951	1956
(a)	128.8 acres	129.6 acres
(b)	132.5 acres	136.0 acres
(c)	498.0 acres	546.1 acres

LOAN COMPANIES BILL

ORDER POSTPONED

On the Order:

Third reading of Bill S-10, intituled an Act to amend the Loan Companies Act—(Hon. Senator Brunt).

Hon. Mr. Monette: Honourable senators, with the unanimous consent of the Senate I ask that this order be postponed until later this day when we shall be dealing with another bill of similar content.

Hon. Senators: Agreed.

PRIVATE BILLS

OGDENSBURG BRIDGE AUTHORITY—THIRD READING

Hon. John J. Connolly (Ottawa West) moved the third reading of Bill S-12, an Act respecting Ogdensburg Bridge Authority.

Motion agreed to and bill read third time and passed.

ALGOMA CENTRAL AND HUDSON BAY RAILWAY COMPANY—THIRD READING

Hon. Mr. Connolly (Ottawa West) moved the third reading of Bill S-13, an Act respecting the Algoma Central and Hudson Bay Railway Company.

He said: Honourable senators, before the motion is adopted I should report that yesterday at a meeting of the shareholders the project as proposed in the measure was approved. It will be remembered that at the time of second reading it was erroneously stated in the explanatory notes of the bill that the shareholders had approved the proposal. Actually, that had not then been accomplished. The reason for the error was that the bill came on for second reading a little earlier than was expected. This fact was explained at the committee hearing the other day. I am now informed that the shareholders' meeting has been held and that the entire proposal has met with their approval.

Motion agreed to and bill read third time and passed.

LAKE OF THE WOODS CONTROL BOARD BILL

SECOND READING

Hon. Gunnar S. Thorvaldson moved the second reading of Bill C-25, to amend the Lake of the Woods Control Board Act, 1921.

He said: Honourable senators, I am sure that if you had before you a map of the Lake of the Woods watershed you would be in a much better position to follow the explanation which I wish to make in regard to this bill.

The Lake of the Woods Control Board Act of 1921 established the Lake of the Woods Control Board. The purpose of the Board was 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 navigation 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. That, of course, was a treaty between Canada and the United States.

The navigation 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. I might say that development consists of approximately 850,000 horsepower, which has been developed on the Winnipeg River throughout the years by the Province of Manitoba.

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. Lac Seul is located, generally speaking, to the northeast of what we refer to as the Lake of the Woods area.

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, via the Root River. I might point out that the St. Joseph basin is located to the northeast of the Lake of the Woods area and the Lac Seul area, and it empties into the Hudson Bay via the Albany River, or, at least, it did so naturally. In order that the board may continue to regulate effectively the storage in and 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.

I might mention here that certain diversion works were created for the purpose of having the waters of Lake St. Joseph flow into Lac Seul, and eventually through the Winnipeg River, instead of through the Albany River to James Bay. Those arrangements, of course, were all made between the two Governments of Manitoba and Ontario.

Storage in the Lake of the Woods and Lac Seul provides water essential to the generation of hydro-electric 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 electric power requirements of these areas for the extensive mineral and timber industries in Ontario—those Ontario developments are on the English River—and the bulk of the industries and population of Manitoba, particularly the city of Winnipeg and vicinity. Those are the developments on the Winnipeg River that are referred to.

The additional water made available by diversion from Lake St. Joseph is of substantial value both to Ontario and to Manitoba in the provision of a greater amount of hydro-electric 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 use 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 by one representative for Manitoba, with Ontario continuing to have two representatives.

I want to explain here that since 1921 Manitoba has not had official representation on this board. The board has consisted of four members, two appointed by the province of Ontario and two appointed by the Government of Canada. However, to satisfy Manitoba, that province has had what is

referred to as unofficial representation on this board, and indeed I think it may be said that no action has been taken by this board throughout all these years which was not approved by the Government of Manitoba through its unofficial representative on this board. The location of all of the reservoirs in Ontario makes this proportion of membership most appropriate, namely, that Ontario should have two members, Manitoba one, and the Government of Canada one.

The amendment required in section 3(b) (b) of the act will give the board authority over the Lake St. Joseph diversion works. This is really the second part of the act. The first part deals with the membership on the control board, and the second part deals with the diversion works that I refer to, namely, that the act will give the board authority over the Lake St. Joseph diversion works when Lac Seul is above certain fixed elevations during particular months of the year and so will permit the board to regulate storage in and outflow from Lac Seul in the best interests of both provinces.

The other amendments required in the act cover minor changes necessitated by the amendment of section 2, which is the amendment regarding the change of membership on the board.

If any honourable senator desires to ask questions in regard to this matter further, I shall try to answer them as best I can.

Hon. Mr. Croll: Is it the intention of the sponsor to have this bill sent to a committee?

Hon. Mr. Thorvaldson: At the moment I feel it would perhaps not be necessary for the bill to go to committee. However, if any honourable senator desires that it go to committee, I have no objection; and if there is a reference it should perhaps be to the Committee on Natural Resources.

Hon. Mr. Croll: I suggest that the honourable senator see that it be sent to a committee.

Hon. Mr. Thorvaldson: That will be quite satisfactory. If it is so desired, I shall recommend that the bill be sent to committee.

Hon. William M. Wall: Honourable senators, I am pleased to have this opportunity to make a few supplementary and I trust helpful observations concerning this legislation which is intended to make substantial amendments to the statute, originally passed in 1921, setting up the Lake of the Woods Control Board.

The task of intervening in the discussion of this bill is made a little more difficult because of the comprehensiveness, lucidity, and excellence of the explanation which we have just heard from our colleague from Winnipeg South (Hon. Mr. Thorvaldson).

I would feel remiss if I did not express my support of the two key principles involved in legislative amendments which give statutory validation to important co-operative developments between Manitoba and Ontario in the field of water regulation and control, especially in the field of integrated development of our power resources on the English and Winnipeg Rivers.

I recognize that the new provisions are straightforward and basically non-controversial. I know that they have already been approved by concurrent, enabling legislation passed in 1958 by the Province of Ontario, Bills 141 and 144, and by the Province of Manitoba, Bill 45.

I hope the bill before us will be sent to committee for further review of its specific and technical details. May I add one or two queries here and there so that the honourable senator may keep them in mind and have them answered perhaps in committee.

The substantive amendments show the dual purpose of the bill. One of these purposes is to provide for the control of waters through the Lake St. Joseph diversion—as set out on page 2 of the bill, in the new paragraph (c) of section 3 of the act—to regulate and control the flow of waters only if the waters diverted into Lac Seul from Lake St. Joseph might be too abundant, and therefore there is a limitation as to the duty of the board provided the level of Lac Seul rises above certain lake levels.

The second purpose of the bill is to provide for membership on the board for the Province of Manitoba. Throughout the bill you notice the phrase, "The Lieutenant Governor of Manitoba in Council", and you will notice too that only five of the sections of the original act of 1921 are being changed, namely, sections 2, 3, 5, 9 and 10; and not being changed are sections 4, 6, 7 and 8.

I think it would be fair at this stage of the discussion to pay tribute to the board, which has done an excellent job within the framework of its assigned duties and competencies. It is a tribute to the high level of technical competency and responsible co-operative endeavour.

I should like to comment first on section 2 of the bill, which is straightforward and which I support. Here the board gets the needed statutory authority to control the amount of water coming into Lac Seul from the diversion of Lac St. Joseph. It is a fascinating development and it would be very interesting to discuss some of the features of that diversion. It adds almost 5,000 square miles to the watershed and I think increases the horsepower potential of the English River and the Winnipeg River by close to 500 million k.w.h. per year.

The second main purpose of the amending bill concerns changes in the technical and engineering personnel representation on the board, and to that I would like to add my comment. Stated simply, the number continues to remain at four, and instead of two representatives from Ontario and two representatives of the federal Government, we are now to have two representatives from Ontario, one from the federal Government and one from Manitoba. In other words, the federal Government loses one member and Manitoba gains one. This gain should probably have been made back in 1930, when the natural resources passed into the hands of Manitoba.

Interestingly too, you will notice that the bill provides for the first time a statutory way of having alternate representatives on the board.

This statutory provision for a Manitoba representative must be assessed in the context of historical practice to which the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) has referred, and that is that since 1930 Manitoba has had a kind of unofficial associate representative; and what is to Manitoba's credit, I am told, is that Manitoba has shared in meeting the costs of the board's operation.

Now, although I recognize that Manitoba has agreed to the membership of four, distributed as explained, I do wish to bring to the attention of honourable senators the criteria advanced for this distribution of representation. On page 2066 of the House of Commons *Hansard* for this session, there occurs this phrase:

> The location of all the reservoirs in Ontario makes this proportioned membership most appropriate . . .

And then, explaining the necessity of federal participation, which is given on page 2067, this statement is made by the minister:

> 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.

And I would like honourable senators to notice these words:

> 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 in the storage basins higher up. This is where the interest of the federal Government comes in.

And I would underscore that this is where the larger interests of the people of Manitoba come in, which may or not be satisfied by the provision of a membership of one. Perhaps the protection of the extensive downstream drainage and power interests calls for equal representation from Manitoba and Ontario. How? There may be two each, with one representative of the federal Government to serve on the International Lake of the Woods Control Board to meet the international obligations, navigational and so on mentioned by the honourable senator from Winnipeg South, which date back to the protocol and agreement of 1925.

So I venture to suggest even at this late stage that in committee we might be given information concerning the projected distribution of board membership and told whether Manitoba had asked for additional rights of representation.

Before I close I would like to point out that the Manitoba Bill, on page 3, section 3, paragraph 5(1) states, as ours does, that the board has the powers necessary for effectively carrying out the duties vested in it by this act or by the act passed by the Legislatures of the provinces of Ontario and Manitoba. This is substituted for the present section 5, which reads: "The said board shall have . . .". The Ontario legislation also uses the words "shall have". Now the query that bothers me is: Does this declaration that the board has the powers, which is an assertion, instead of the words "shall have" as in the Ontario version and in our present act, enable the board as validly to exercise those powers?

Then also on page 3, section 5 of the bill, paragraph 10, there is a provision as follows:

> The Governor General in Council may, with the concurrence of the Lieutenant Governor of Ontario in Council and the Lieutenant Governor of Manitoba in Council, make regulations—

The Manitoba Act differs a little in terminology, and I confess that I do not know the implications of that difference, but I would like to have it explained in committee. The Manitoba Act provides that for the purpose of carrying out the provisions of this act according to their intent, the Governor General in Council and the respective Lieutenant Governors in Council may make such regulations, and so on. There may or may not be a legalistic differential which I do not quite understand, but I would welcome an explanation at the committee stage.

I wish to thank honourable senators for their patience in listening to this additional explanation which may have shed some little light on other aspects of the bill.

Hon. Norman P. Lambert: Honourable senators, before this bill is read a second time, may I say that anyone who is familiar with the Lake of the Woods and its relation to International Falls knows that this matter has been the subject of discussion in the

past before the International Joint Commission. May I, therefore, ask the sponsor of the bill whether this legislation in any way impinges upon the relations between Canada and the United States as determined by the International Joint Commission? The question of the levels of the Lake of the Woods, which are carefully taken and recorded periodically, allegedly to the satisfaction of all concerned, is an important one. The moment the level of that lake lowers, experience of the past tells us that we hear promply about it from certain quarters at International Falls.

Has this legislation any effect at all upon the relations between the two countries as determined by the International Joint Commission?

Hon. Mr. Thorvaldson: Honourable senators, in reply to the question asked by the honourable senator, may I say I am informed that this legislation in no way impinges on the work of the International Board. That board, as honourable senators know, consists of two representatives, one appointed by the Government of Canada and the other appointed by the Government of the United States.

The International Board has jurisdiction in regard to two aspects of the Lake of the Woods system: one is the navigational aspect which, as I indicated in my previous remarks, is of comparatively small importance by virtue of the fact that navigation on this waterway is largely by small tugs and not by large vessels. The other aspect is that of lake levels. Whenever the lake level goes down to a certain point, measured in feet, the International Board derives power to act in regard to that situation. As I said a moment ago, this legislation would not affect the function of that international body in any way.

Hon. Mr. Lambert: May I suggest to my honourable friend, who has undertaken to refer this bill to the appropriate committee, that he consider calling officials from the International Joint Commission as witnesses to deal with this particular point. I would further suggest that adequate maps showing the actual location of these bodies of water be made available for the benefit of those honourable senators who have not been as fortunate as my honourable friend from Winnipeg South, and perhaps some of the rest of us, who have enjoyed visiting that lake in the summer time. I am sure some information on the geography of the area would be enlightening to the committee.

Hon. Mr. Thorvaldson: I will see that both those matters are looked after when the bill reaches committee.

Hon. Mr. Burchill: Honourable senators, may I ask a question? Is the chairman of the board appointed by the board itself or by one of the governments?

Hon. Mr. Thorvaldson: I am sorry that I cannot answer that question at the moment. I think he is appointed by the board, but I am not certain.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Thorvaldson, bill referred to Standing Committee on Natural Resources.

YUKON BILL

SECOND READING

Hon. Gunnar S. Thorvaldson moved the second reading of Bill C-35, to amend the Yukon Act.

He said: Honourable senators, the objects of the present bill are to improve the financial administration of the Yukon Territory and to facilitate the administration of justice. There is also a minor matter relating to liquor administration in the Territory.

Referring first to section 1 of the bill, the purpose of the new section 19(1) is to broaden the purposes for which the Commissioner in Council may borrow or lend money, and to authorize the investment of surplus money standing to the credit of the Yukon Consolitated Revenue Fund.

Perhaps I should explain briefly that the Yukon Act, which is Chapter 53 of the Revised Statutes of Canada 1952-53, sets up a commission to govern the Yukon Territory. That commission consists of a commissioner appointed by the Canadian Government, and four other commissioners elected by the public of the Territory.

The Yukon Act, as it now stands, authorizes the territorial Government to borrow money for the purpose of (a) meeting annual expenditures of the territory pending receipt of annual territorial revenues, or (b) lending money to municipalities, for the construction of roads, waterworks, sewers, or other municipal works.

In the past it has usually been possible for the Territory to meet capital commitments from current revenues, which are now running at about $2 million a year. On at least two occasions, however, it has been necessary for Parliament, through an appropriation act, to grant specific authority to the Territorial Government of the Yukon to borrow money for major capital projects which could not be financed out of annual revenues. It is anticipated that in the next few years the Territory will be required to borrow further

sums on a long-term basis to meet its capital requirements. The new section will enable the territorial Government to do this without requiring the specific authority of Parliament in each instance.

In order to help give honourable senators a better understanding of the matters involved in this bill, I might interpolate here that the population of the Yukon, according to the 1956 census, was slightly over 12,000 persons. So when we are dealing with the Yukon Territory we are dealing with a large land area and with a very small population.

The present section 19(1) limits the lending power of the territorial Government to the lending of money to municipalities. The new section broadens this power to include the lending of money to school districts. At the present time no school districts have been established within the Territory but it is hoped that eventually such districts will be established. The experience in the administration of the Northwest Territories, where there are two school districts in existence now, is that the territorial Government is sometimes called upon to help the district finance major school construction projects through long-term loans.

Hon. Mr. Pouliot: Would the honourable gentleman permit me to interrupt to ask a question?

Hon. Mr. Thorvaldson: Yes.

Hon. Mr. Pouliot: Where does the Yukon Territory derive its revenue from, and what is the approximate amount?

Hon. Mr. Thorvaldson: The revenue of the Yukon is approximately $2 million and is derived very much from the same sources as are revenues of the provinces. Indeed, the Yukon Act, which I referred to at the beginning, gives the Yukon Territorial Council approximately the same powers as the provinces have under section 92 of the British North America Act. If the honourable gentleman wants to know exactly where the revenues are derived from I think I am able to give him that information right now.

Hon. Mr. Croll: It may be seen on page 2291 of the *Hansard* of the House of Commons.

Hon. Mr. Thorvaldson: Yes. I take this itemization of revenues from page 2291 of the House of Commons *Hansard,* which discloses that the revenues for 1956-57 totalled $2.1 million. They came from the following sources:

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

It seems apparent, honourable senators, that it is a good thing there is no prohibition in the Yukon, otherwise the Government of the Territory would be bankrupt.

Still another purpose of the new section 19(1) is to enable the territorial Government to invest money standing to its credit in the Yukon Consolidated Revenue Fund which is surplus to immediate requirements. From time to time the Territory holds funds in reserve for specific purposes, such as for the replacement of road maintenance and construction equipment, and Workmen's Compensation funds. It would be to the financial advantage of the Territory if this money could be invested.

Subsection (2) of section 1 of the bill deals with section 19(3) of the act. The old subsection (3) required the approval of the Governor in Council before the Territory might borrow or lend money. The proposal contained in the new subsection is that authority of the Governor in Council be required before the Territory may borrow or invest funds, but that no such restriction be placed on the lending of money by the Council. The purpose of this provision is to ensure that territorial indebtedness is kept within safe and reasonable limits, and to ensure that investments are sound. It is not considered that approval is necessary for the lending of money, because section 19(1) limits the power of the Territorial Government to lending money to municipalities and school districts, both of which are creatures of the Territorial Council, and, as such, subject to control by the Council.

Honourable senators, I will turn now to the second section of the bill. The new subsection (3) which is being added to section 36 will permit the Governor in Council to appoint deputy police magistrates for the Territory. This provision has been inserted on the recommendation of the Minister of Justice, who is responsible for the administration of justice in the Territory. Subsection (1) of section 36 now provides for the appointment of police magistrates and subsection (2) requires such magistrates to reside in the Territory and to refrain from practising as barristers and solicitors.

A similar amendment was contained in the bill to amend the Northwest Territories Act, approved by the last Parliament, and the need for this provision is the same in the Yukon. There is at present only one police magistrate in the entire Territory and he resides in Whitehorse where the Territorial Court is located. There is no one to carry on his work should he be ill or absent on leave and, in view of the small number of practising barristers and solicitors in the Territory, it may not always be possible to find a resident who is in a position to act. The Government, therefore, considers that in the interest of prompt and efficient administration of justice, it is desirable that there be authority for the appointment of a qualified lawyer from one of the provinces who could be sent into the Territory as deputy police magistrate on a temporary basis.

The purpose of section 3 of the bill—

Hon. John J. Connolly (Ottawa West): Before the honourable gentleman leaves section 2, may I ask if that section precludes the appointment of a barrister who is practising in the Yukon from being appointed as a deputy magistrate? Must these people come from the provinces?

Hon. Mr. Thorvaldson: I believe that the Department of Justice has at least given its opinion in that matter to the effect that a deputy magistrate may be a resident of the Yukon. The section reads as follows:

> The Governor in Council may appoint one or more persons who are barristers or advocates of at least three years' standing at the bar of any of the provinces of Canada—

Hon. Mr. Connolly (Ottawa West): Does that include the Yukon?

Hon. Mr. Thorvaldson: I understand that the Interpretation Act provides that the Yukon Territory, for the purposes of the act, is a province. I believe it is for that reason that the Department of Justice suggests that an appointment can be made from the Yukon and that no amendment is necessary for that purpose.

Hon. Mr. Pouliot: What is the salary of the Commissioner?

Hon. Mr. Thorvaldson: I do not know; but as I mentioned a moment ago there is only one resident magistrate in the Yukon now.

Honourable senators, as I was about to say, the purpose of section 3 of the bill is simply to make it clear that the Governor in Council may appoint judicial as well as administrative officers, as stated in the explanatory notes of the bill. The particular judicial officers we have in mind are the presiding officers of small debt tribunals established pursuant to the Judicature Ordinance. Paragraph (i) of section 16 of the act authorizes the Commissioner in Council to legislate in respect to certain matters relating to the administration of justice in the Territory but specifically excludes the power to appoint judicial officers other than coroners. It is the intention that all judicial officers, other than coroners, be appointed by the Governor in Council.

Section 4 deals with the importation of liquor into the Territory. Honourable senators will recognize that from a taxing point of view, at least, this is a matter of great importance, although this amendment is referred to here as a very minor one.

Subsection (1) of section 47 of the act prohibits anyone from bringing liquor into the Territory unless he has the permission of the Commissioner. The Importation of Intoxicating Liquors Act prohibits the shipment of intoxicating liquors into a province except to the provincial Government or provincial liquor board or commission. We, therefore, now have two federal enactments governing the importation of liquor into the Territory, and it is proposed to eliminate the application of one of them. It is also proposed that the Commissioner should be empowered to authorize some one to act on his behalf in these matters.

Hon. Mr. Connolly (Ottawa West): Is the prohibition against bringing liquor into the Territory for sale, or is it just against bringing it in?

Hon. Mr. Thorvaldson: I believe the prohibition is against bringing it in.

Hon. Mr. Connolly (Ottawa West): In other words, persons bringing in liquor in their baggage would be offending against this section?

Hon. Mr. Thorvaldson: I think that applies throughout Canada, does it not? I know it is illegal for me to buy whisky in Kenora and take it across the border into Manitoba. I believe there is similar law in every province, so nothing new is proposed here.

Section 5 of the bill, the final section, deals with the legal description of the boundaries of the Yukon Territory. The present description was written before the country was accurately mapped and recent surveys have indicated that one small change is necessary. This involves the most southerly portion of the boundary between the Yukon Territory and the Northwest Territories, which at present is described to be the line of the watershed separating certain streams. It has been found that in respect to the southernmost 10 or 12 miles the watershed is not where it was thought to be, and therefore a straight line has been surveyed to clearly define the boundary in this area.

Honourable senators, with these few remarks I hope I have been able to clarify somewhat the contents of this amending bill.

Motion agreed to and bill read second time.

Hon. Mr. Quinn: Is the honourable senator going to move that the bill be referred to a committee?

Hon. Mr. Thorvaldson: No.

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

Hon. Mr. Thorvaldson: Next sitting.

NATIONAL PARKS BILL

SECOND READING

Hon. Felix P. Quinn moved the second reading of Bill C-36, to amend the National Parks Act respecting the boundaries of Cape Breton Highlands National Park.

He said: Honourable senators, I suppose you will wonder why I am sponsoring a bill having to do with Cape Breton. There is a very good reason, namely, that there is no representative in this Senate from that part of my province, and I am sorry that condition has existed since the passing of our late colleague Senator MacLennan, from Margaree Forks, some five years ago. I am informed, however, an appointment is about to be made, with which I hope all honourable senators will be satisfied, and then Nova Scotia will have its full representation. The reason I have been asked to sponsor this bill is that I am the sole Conservative from Nova Scotia in this chamber. This reminds me that recently our friend the senior senator from Winnipeg (Hon. Mr. Haig) claimed the distinction of being the only survivor of the Conservative members in the Manitoba Legislature of forty-three years ago. Not to be outdone, our friend from Vancouver South (Hon. Mr. Farris) claimed that he was the sole survivor of the first Liberal Government of British Columbia. Now we have two of our members in the Senate Hall of Fame, and I am going to make a claim to be the third one, for I had the distinction a year ago of being the only surviving Conservative senator in all the six provinces east of Manitoba.

Having finished with that nonsense, I shall proceed with my explanation of the bill.

Hon. Mr. Pouliot: If my honourable friend permits me I would like to ask him a question. In the description of the land to be deleted from the park mention is made of an iron post marked "W" and seven wooden posts, and besides that the other limits are indicated by points. What I want to know is, will the Canadian Government build a fence around or alongside that property, or will it leave the posts, iron and wooden, as boundary marks?

Hon. Mr. Quinn: Do you mean of the whole park or the part to be deleted?

Hon. Mr. Pouliot: That property which is described in the schedule.

Hon. Mr. Quinn: I cannot answer that. After my explanation I am going to move that this bill be referred to committee, and if my honourable friend will come to the committee he will obtain the information he wants.

Honourable senators will notice that the schedule consists of a little more than two pages. I am not going to weary the house by reading all of that description.

I may tell my honourable friend from Churchill (Hon. Mr. Crerar) that I was wrong when I answered his question the other day as to the location of this part of the park. I said that I thought it was on the east side, but it is in the southerly section, near Lake Cheticamp. Wreck Cove is on the east coast, and that is where the hydro-electric development will be. If my honourable friend would like to see a map of the area I will send it over, and he will note the boundary of the area is marked in blue.

In November 1956 the Nova Scotia Power Commission requested authority to undertake a survey of certain lands in the southern portion of the Cape Breton Highlands National Park to obtain data on the watershed area surrounding Lake Cheticamp. This information was required in planning the Wreck Cove hydro-electric development which would be constructed in an area adjacent to but outside the boundaries of the park.

As there was no authority under the National Parks Act for such a survey to be carried out by a private individual, company or commission, authority was given by the Treasury Board on January 4, 1957, for the Minister of Northern Affairs and National Resources to enter into an agreement with the Nova Scotia Power Commission to carry out the survey as a public undertaking.

The agreement in effect provided that if, as a result of the survey, it became apparent that the proposed development would benefit substantially by the use of waters flowing from the park, and if the Government of Canada decided it was in the public interest to delete the affected area from the park so that the waters could be used, the cost of the survey would be borne by the Nova Scotia Power Commission.

The survey has been carried out and a report submitted to the minister shows that by utilizing waters from an area of about 10 square miles in the Cheticamp watershed within the park the energy to be derived from the Wreck Cove development would be increased by approximately 28 per cent.

The development itself is of great importance to Nova Scotia in meeting its power requirements and the substantial increase to be derived from use of the park waters is also, therefore, of great importance to the province.

From the survey report and from the negotiations with the province, it has now become apparent that the deletion of the area in question would benefit the proposed development very substantially and would also benefit the economy of the province as a whole. It has also been ascertained that the area itself is not of great importance in the future development plans for the park and no serious harm would be done to the park by its removal.

Only one difficulty was seen in this regard and this has been solved by the province agreeing to provide for a minimum flow down the upper reaches of the Cheticamp River from May to September of each year of at least five cubic feet of water per second. This will permit adequate fire protection in the park area concerned and will help to maintain the natural beauty of the Cheticamp River within the park. In addition, the province has offered, in exchange for the area concerned, to acquire and transfer to Canada at no cost to the federal Government certain lands adjoining the Port Royal Habitations as an addition to this National Historic Park. For the park system as a whole, it is considered that the acquisition of this property by the federal Government would be a compensation for the loss of the area required for the hydro development.

Honourable senators, when this bill receives second reading I will move that it be referred to the Standing Committee on Natural Resources.

Hon. T. A. Crerar: Honourable senators, it is not my intention to detain the house by discussion of this bill. There is a principle involved, however, that I think the house should not overlook. This is not the first time that a proposal has been made for the removal of part of a park area. It was done by the previous Government in the years of the Second World War in respect to the Banff National Park in Alberta. In that case it was for power development, and, strange as it may seem, we have the same reason given in this instance. In the case of the Banff National Park it was desired to make Lake Minnewanka—I think I am correct in my recollection of the name of the lake—into a storage basin for the Calgary Power Company's plants which lay further down the Bow River, between Banff and Calgary. This was a very beautiful lake and there was a substantial measure of criticism against desecrating the park by changing the character of the lake; it was only because of the wartime necessity of getting additional power for the production of commodities for the manufacture of ammunition that the diversion was allowed. Important restrictions and conditions were imposed on the Calgary Power Company so that the natural scenic value of the park would be disturbed as little as possible.

Honourable senators, I think it is well to remember that our national parks—I believe we now have them in every province—are a great asset to Canada. These areas were put aside as national playgrounds, under the National Parks Act, with the definite understanding that no commercial undertaking would be allowed to be developed within the parks. They are to remain as nature made them, for the use and enjoyment of future generations. In this commercial age, when things of beauty are not a joy for ever, efforts are often made, or may be made in the future, to detract from or destroy the effect of our national parks. It is, I submit to the house, a very important matter that Parliament jealously guard these parks for future years.

The change made in the Banff National Park—I believe it was in 1942—was made under the needs of war. I was the minister in charge of the parks administration at that time, and I may say to the house that in my experience in government I never did anything with greater reluctance than allow a certain area to be changed in the Banff National Park. It is a matter of regret, to me at any rate, that the proposed change in the Cape Breton Highlands National Park is considered necessary. That park is one of the most beautiful in Canada.

I take a little pride in the Cape Breton Highlands National Park, honourable senators, for it was in 1936, after I had assumed charge of the department concerned, that that park was developed. I recall very well the occasion in the autumn of 1935 when the late lamented Angus Macdonald, then Premier of Nova Scotia, came to see me for the purpose of discussing the establishment of a national park in the province. He had no difficulty in persuading me it was important that Nova Scotia should have a park. At any rate, out of that beginning, a part of

Cape Breton Island was selected for the national park. It is a beautiful area, any way you wish to look at it.

I am pleased that this bill is to be sent to a committee, because I think it important that the committee and the house receive satisfactory assurance that the diversion of water in the streams for this power development will not in any substantial way lessen or detract from the beauty and utility of the park. The map which my honourable friend sent over to me indicates clearly the portion of the park that is to be subtracted from the whole. When the bill is before committee we can no doubt get further information on it. However, I wish to emphasize to the house the importance of Parliament guarding the integrity of our national heritage in parks. If we permit ourselves to fall into the habit, under one pretext or another, of thinking that the parks may be whittled down and diminished we shall lose sight of the initial purpose for which they were created.

Hon. Mr. Horner: Honourable senators, I would like to ask the honourable senator from Churchill (Hon. Mr. Crerar) about a bill that he sponsored a few years ago which had the effect of taking a slice off Prince Albert National Park. I recall that I made then somewhat the same criticism of his proposal as he is making with respect to this bill. There was no question of water power in that instance. I maintained that the portion of the park to be taken away was natural grazing area for wild animals and should be maintained as part of the park.

I am surprised that my honourable friend has become so interested in preserving our national parks, seeing that he was quite willing, on another occasion, to allow a portion of the Prince Albert National Park to be sliced off.

Hon. Mr. Crerar: Honourable senators, may I have another word? I might have known that my honourable friend from Blaine Lake (Hon. Mr. Horner) would bring up the matter of the Prince Albert National Park. But I maintain his argument is a very weak one. The part of that park that was taken out was only a bill of expense to the park and added no beauty whatsoever. It was muskeg, a grass-growing area for wild animals; and, of course, since it has been taken out of the park the grass has continued to grow, the trees still stand, and the wild animals still roam over the ground.

So I submit there is really nothing to the point raised by my honourable friend from Blaine Lake.

I may say, however, that the Prince Albert National Park is a park well worth visiting, if one happens to be in that part of Saskatchewan.

Hon. Gordon B. Isnor: Honourable senators, like the senator from Churchill (Hon. Mr. Crerar) I too am much interested in our national parks, largely, I suppose, because of my connection with the tourist industry down through the years.

I listened with much interest to the introduction of this bill by the honourable senior senator from Nova Scotia (Hon. Mr. Quinn), who told us that he was the one surviving senator representing his party in the Maritime provinces.

Hon. Mr. Quinn: In this house I was the one survivor of my party from the whole six eastern provinces.

Hon. Mr. Isnor: May I be the first to offer congratulations to my honourable friend, and to wish him many more years of membership in the Senate.

My concern as to this bill differs somewhat from that expressed by the honourable senator from Churchill. I quite appreciate the position in which the Nova Scotia Power Commission finds itself with respect to the development of hydro power. But I was somewhat surprised when the honourable senator who sponsored the bill stated that this would give the commission an increase of 28 per cent in the production of energy. There is another angle which I, as a Nova Scotian, wonder if the sponsor has taken into consideration. I know that he is sincerely interested, as all members from the province are, in hydro development and its effect upon our coal mining situation, and I do not need to remind him that the situation is serious indeed. There has been a five-week layoff in the mines, and unemployment has reached a peak that we have not seen for many years. I am concerned about that situation and I am just wondering what effect this legislation is going to have on it.

Our ability to supply electrical energy is not as poor as a good many people seem to think it is. It has been stated on more than one occasion that industries could not come to Nova Scotia because we could not supply them with sufficient electrical energy. That is a mistaken idea, a fallacy, as was borne out by recent surveys which disclosed that we could supply energy for all those who have applied or intimated they proposed opening industries in Nova Scotia.

Last year a United Nations survey of hydro-electric rates disclosed that Nova Scotia rates were in keeping with and were just as low as those in any portion of eastern Canada and the eastern section of the United States. In fact, they were almost as low as the Ontario hydro rates now being charged.

Honourable senators, I am not opposing the bill and I am very pleased that it is going to committee, but I do feel that the sponsor

should take into serious consideration the effect this legislation will have on our miners, and on the employment situation and the coal industry in general. I would point out that the greater the amount of hydro power that is developed, the less will be the demand for coal to produce energy through steam. The sponsor of the bill stated that the Nova Scotia Power Commission made certain representations in November, 1956, and that an agreement was entered into in January of 1957. I am not sure he told us whether that agreement was between the Nova Scotia Power Commission and the federal Government, through the Department of Northern Affairs and National Resources, or between the Nova Scotia Government and the federal Government. Perhaps he would be good enough to answer that question when he replies. As a matter of fact, he might be good enough to table that agreement so that honourable senators may know exactly what it provides for.

In looking at this bill I am reminded that our production of coal in June 1958 declined by 13 per cent to 692,000 tons, from a total of 793,112 tons in the same month last year. These figures are from the Dominion Bureau of Statistics. I am happy to note that the landed imports of coal have been considerably lower, practically cut in half. That is good news for our part of the country.

Hon. Mr. Burchill: Do the figures that the honourable gentleman quoted relate to Nova Scotia alone?

Hon. Mr. Isnor: No, to Canada. We in Nova Scotia produce on an average about 4½ million tons of coal a year. We used to sell to Quebec and to the eastern section of Ontario something like a million tons annually. The demand has decreased, and that is why we are concerned about the possible effect of this legislation on the coal mining industry.

The Wreck Cove Hydro-Electric Power Development, as I understand it, is cutting a 10-mile parcel of land almost out of the very heart of this fine Cape Breton Highlands National Park. I recall well when the honourable senator from Churchill (Hon. Mr. Crerar) came to Nova Scotia, in 1935 or 1936, and how pleased we were to learn from him that we were going to have a national park in Cape Breton. The park has been a wonderful boon to the tourist trade. It has an outstanding drive. Anyone who has visited Cape Breton and gone over the Cabot Trail will appreciate that statement without my enlarging on the subject.

Honourable senators, I wanted to stress my view that serious consideration should be given to the present state of the coal industry, and to ask that this bill be referred to the appropriate committee.

Hon. A. K. Hugessen: Honourable senators, I have only a few words to say on this bill. I do not propose to enter into the controversy between the honourable senator from Churchill (Hon. Mr. Crerar) and the honourable senator from Blaine Lake (Hon. Mr. Horner), but anyone who has ever travelled in that part of Canada in which the Cape Breton Highlands National Park is situated will agree at once that it is one of the most beautiful parts of Canada. I do think, as has been said by the honourable gentleman from Churchill, we should take very great care when we are faced with a proposal of this kind to remove some portion of an area that has been set aside for a national park. I am glad that the honourable gentleman who sponsored this bill (Hon. Mr. Quinn) said he proposed to have it sent to committee after second reading, for it is in committee that we shall be able to get the information which will enable us to determine whether or not the taking away of a section from the park as proposed can be justified from the point of view of the public interest. According to the map which the honourable senator has furnished us, it appears that the section is, as the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) said, almost in the heart of the park. But it is in the rather remote centre of the park; as far as I can see it is an area that is, at the present time, at any rate, far removed from any public highway, or public access. What did strike me was the sponsor's remark that the Government of Nova Scotia was proposing to donate as an addition to this National Park another area in exchange for the area that is to be taken out. That is one of the things I think we should consider when the bill gets to committee, when we shall be told just what is this new area that is to be received in exchange. It is conceivable that we may decide that, taking everything into consideration, the park will have been improved. But I do think this suggestion of an exchange is one which we may well take into consideration in the future when faced by demands from provincial Governments to remove parts of our national parks. If this is to be regarded as a precedent we may say to them. "All right, we will let a bit of our park go if you will give something equally good in exchange." Maybe that is a principle that we can well adopt in the future in matters of this kind.

I conclude by saying that I think we should go into this matter very carefully in committee. I have indicated one or two of the points I think the committee should consider when the bill is placed before it.

Hon. Mr. Quinn: Honourable senators, I might say in reply to my honourable friend from Inkerman (Hon. Mr. Hugessen) and also to the honourable senator from Churchill

(Hon. Mr. Crerar) that they must not lose sight of the fact that the dominion Government is getting a very valuable piece of land adjacent to Port Royal Habitation in exchange for these ten square miles in the remote section of Cape Breton.

Hon. Mr. Hugessen: That is in another area of the province entirely?

Hon. Mr. Quinn: Oh, yes, it is down at the far end, the Annapolis end, on the Bay of Fundy side.

Hon. Mr. Isnor: What is the area of that land?

Hon. Mr. Quinn: Five acres.

As far as bringing the coal industry into this discussion, I do not think it advisable to deal with that at all. Twenty-eight per cent added to the development of hydro-electric energy will have little or no effect on the operations of the coal industry in Nova Scotia. My honourable friend from Halifax-Dartmouth, (Hon. Mr. Isnor) can I think answer that question just as well as I can. Whatever development is derived will go to light and power. I do not think it will come into competition at all, if ever, with the coal industry.

I might point out to honourable members that I have always displayed a keen interest in our national parks and historic sites. Older members can go back with me, if I have the date right, to 1948, when there was a bill before the Senate appropriating $1 million—$100,000 a year for ten years—for repairs and maintenance of the fortifications of Quebec. I am pretty sure the bill was explained by the honourable senator from Grandville (Hon. Mr. Bouffard). I spoke on the second reading of that bill, and I stated that I was in perfect harmony with its sponsors. I congratulated them on being able to get the appropriation from the Government, but I took occasion at the time to call attention to the condition of our own Citadel at Halifax, pointing out that the walls had fallen down into the moat and the fort had got into a disgraceful condition. I think I said that it was a disgrace to the federal Government to have that old fort remain in that condition, and I implored the authorities to do something, to treat it as well as the fortifications of Quebec were being treated. I believe the honourable member from Shelburne (Hon. Mr. Robertson) was the Leader of the Government at the time, but I was the lone voice in the wilderness; I did not get one soul in Nova Scotia to help me in my appeal for assistance for the Citadel in Halifax.

Hon. Mr. Isnor: Honourable senators, I must take exception to that.

Hon. Mr. Quinn: The only sympathetic voice was from our late colleague from Edmonton (Hon. Mr. MacKinnon), who was then the minister in charge of the administration of Historic Sites and Monuments. I went to him. He was very sympathetic and pointed out at the time that there was no appropriation that year, but that he would keep the matter in mind. The next thing I knew he was appointed to the Senate. However, I am glad to say that two or three years afterward, to my great surprise, an amount was appropriated for that purpose, and annual grants were provided toward the improvement and renovation of the Citadel. Today the Citadel has really become a monument to the federal Government; the old fortification has been practically restored to its original condition, and the interior of the buildings has been renovated and reconditioned. There is a tearoom where the members of the Imperial Order of the Daughters of the Empire maintain an establishment and provided lunches and teas; they specialize in fish chowders and have made quite a reputation for themselves. Such is its attraction that over 200,000 tourists visited it within the past twelve months, so it has all been worth while. Although ten years ago my appeal fell on barren ground, I think it had some effect two or three years afterward.

Honourable senators, if there are no further questions to be answered, I will move that the bill be referred to the Committee on Natural Resources.

Hon. Mr. Isnor: Honourable senators, I have no further questions, but I have a correction to make. The honourable senator from Bedford-Halifax (Hon. Mr. Quinn) was good enough to advise us that he made a move in this connection ten years ago. May I say that I started this movement 22 years ago in the House of Commons. At that time the Citadel was not a park, but a historic site. The work was started then and has continued until today. I would point out that the Citadel has attracted the largest number of visitors of any historic site in Canada. I believe my honourable friend would want to be fair and give credit where it is due. My successor in the House of Commons, Colonel S. R. Balcom, continued the good work I started and carried it through to a very successful conclusion.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Quinn, bill referred to Standing Committee on Natural Resources.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 346)

ADDRESS

of

DR. KWAME NKRUMAH
Prime Minister of Ghana

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

in the

HOUSE OF COMMONS CHAMBER, OTTAWA,

on

Monday, July 21, 1958, at 11 a.m.

Dr. Nkrumah was welcomed by the Right Honourable J. G. Diefenbaker, Prime Minister of Canada, and thanked by the Honourable Mark Robert Drouin, Speaker of the Senate and the Honourable 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 and members of the Parliament of Canada: Dr. Nkrumah, on behalf of the Parliament and people of Canada I extend a warm welcome to you and your ministers who are associated with you on this occasion, the Honourable Mr. Botsio and the Honourable Mr. Baako. I welcome you as the Prime Minister of the first truly African state to attain dominion status within the commonwealth.

I first met Dr. Nkrumah at the Prime Ministers' Conference in London last June, a few short months after his country had become an independent nation within the commonwealth. I think the emergence of Ghana to equal status within the commonwealth is symbolic of the commonwealth concept as it develops to meet change and changing conditions. Canadians have pride in the role that Canada has played in the evolution of this commonwealth. In this commonwealth, nations, equal and independent, join together in their dedication to freedom through the practice of parliamentary democracy in the tradition of the Mother of Parliaments at Westminster, thereby bringing peace, progress and prosperity to peoples everywhere in the world.

It was Sir Robert Borden who in 1919, following the sacrifices of the first world war, secured for Canada recognition of her sovereign status as a signatory of the peace treaty and as a member of the League of Nations; further steps along that pathway have been taken by suceeding prime ministers of Canada. The commonwealth to me represents an institution which, in its inherent greatness, gives hope to mankind. A world organization of many races, beliefs and religions, we have no political uniformity without law or by law; its unity is in the dedication of its peoples to freedom; its glory is that all share in a common heritage; its purpose, peace for all mankind; the bonds of its unity maintained by the good sense, good will and good faith of its diverse peoples.

Because of this principle it does not stagnate in formalism. It is ever growing; it is living. From time to time in the years ahead other nations will join its ranks and two confederations, that of Nigeria and that of the West Indies, have not long to wait for membership.

If I might I should like to say a word as to the constitution of Ghana, for it illustrates what I have placed before you, namely, that there is no uniformity in the political systems of the various portions of this commonwealth. Ghana has a unicameral legislature. Five regions comprise the state which came about through the uniting of the Gold Coast with Togoland. Each region has an assembly with powers which are not unlike those of our provinces. Each region has a House of Chiefs with power to consider any matter referred to it by a minister or the national assembly.

Mr. Prime Minister, the achievement of full self-governing membership in the commonwealth to which you led your people was a swift, orderly and constitutional march, a tribute to your devotion and a credit to the United Kingdom, which in its finest and best traditions paved the way for the emergence of your nation as a new nation within this commonwealth. Indeed, in little over half a century the commonwealth concept, adapted to the needs of your country, has brought about the transition of a land of diverse peoples with traditional African culture into

a modern state with a new and energetic economic life whose purpose it is to raise the standards of its people and develop its resources and the talents of its people.

I betray no state secret, Mr. Prime Minister, when I say that last June and July I was deeply impressed by your ability and by your personal character, and we became friends. I say that as a foundation necessary to the relationships which prevail as between those of us who have responsibilities in all parts of the commonwealth. We have something in common. We were both born on September 18, though you were born a little bit later than I was.

Your life, sir, is an Alger story. Born in a humble home, educated in your own country, you went abroad in order to widen that education in the United States of America, were graduated from Lincoln University and the University of Pennsylvania, and later attended the London School of Economics. I know your philosophy of life from personal conversation with you. However, I prefer to quote your own words on one occasion, when you said this: In truth the burden of my life can be summarized in "The Memoriam" quoted by Cecil Rhodes—"So much to do, so little done".

You have done much. You have much still to do in order to bring about that unity among peoples, without regard to colour or race, which has been your life work. It is thus my pleasure to welcome you to Canada, and, as a representative of an older partner of the commonwealth, to welcome your country as one of the latest in the family of nations within the commonwealth.

I introduce to you the Prime Minister of Ghana, Dr. Kwame Nkrumah.

Dr. Kwame Nkrumah (Prime Minister of Ghana): Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, Mr. Prime Minister and honourable members of the Parliament of Canada: It is a great pleasure for me to address this August assembly today. I wish to express the gratitude of the people of Ghana and my own appreciation for the honour your Prime Minister and his government have done our country by inviting me to pay this visit to Canada. I wish to thank you very sincerely, Mr. Prime Minister, for the kind words with which you have just welcomed me.

We in Ghana have a strong feeling of pride in our commonwealth membership. I had the privilege of attending the commonwealth Prime Ministers' Conference in London last year, when for the first time in history the first African state entered that great and free association of states stretching across the world. The meeting provided an invaluable opportunity for establishing personal relationships with other prime ministers and political leaders, and I am particularly happy that I have been able to renew my friendship with your distinguished Prime Minister, Mr. Diefenbaker, for whom I have had great admiration since my first meeting with him.

On attaining our indepedence we in Ghana chose to become a member of the commonwealth of our own free will. We enjoy the same institutions of parliamentary democracy and the same climate of politics and public morality as the other members. We have the same respect for tradition and the same regard for ceremonial. We place the same value on the human individual and appreciate the dignity of restraint. We accept the sovereignty of law and the sanctity of the pledged word.

The family relationship between members of the commonwealth, which we have already experienced and which brings together countries widely differing in race, religion and social background, is an example of international association which we shall always support so long as it continues to be based on sound democratic principles and respect for the sovereignty of the member nations.

Canada is in a sense the founder of the commonwealth, for it was in the conception of a free association between Canada and the mother country that the foundations of the commonwealth were laid. Canada has made a great contribution to the world by the successful working of her institutions, her government, the spectacular development of her national resources, and the constructive initiative taken in international affairs. The spirit of tolerance and mutual confidence among peoples of different racial groups that has evolved in this community is an achievement which is a shining example to all of us. Canada also serves as an invaluable link between the great North American continent and its people and the rest of the world.

We believe that Ghana, as the first truly African state to join the commonwealth, also has a contribution to make to the enrichment of the life of the world community. Just as you in Canada have given the world the benefit of your experience and views arising out of your position on this great continent, so we in Africa hope that we will also be able to contribute our views for the common benefit of the community of nations. We feel that through us and through other African nations a general understanding between the African continent and the various members of the commonwealth will be developed. We realize the great responsibilities that this position imposes on us, but we are ready and prepared to take up the challenge.

Recently we took the initiative in convening a conference of independent African

states, a conference which proved to be most successful. I myself have recently returned from a tour of the capitals of the other states which participated in the conference. We are endeavouring to establish among ourselves in Africa a fundamental unity on domestic and foreign policy which is, I think, of special significance to the role of the African nations in world affairs. We are determined to work together in the economic and cultural fields, with the object of raising the standard of life of our peoples and making a distinctive African contribution to international discussions and the achievement of world peace. We are determined that through mutual co-operation and collective leadership we free and independent African states shall not only safeguard our hard-won independence but also use all the means available to us to emancipate those of our brethren who are still under colonial rule.

I find nothing incompatible with our effectiveness as a member of the United Nations and the commonwealth in pursuing an African objective and projecting an African personality. On the contrary I see in it great possibilities for good, because we should be able to bring to our deliberations in the United Nations and the commonwealth a better understanding of the African point of view, and make a distinctive contribution toward reaching acceptable solutions to our many problems.

I should like to take this opportunity to comment on certain aspects of our foreign policy. Basically the policy of our government is one of non-alignment and positive neutrality. I have emphasized on several occasions, however, that this should not be interpreted as a purely negative neutralism. On the contrary, we will always adopt whatever positive policy will do most to safeguard our independence. We have a vested interest in peace, and we will do everything in our power to support the United Nations.

Like many other small countries we have appealed to the great powers to suspend nuclear bomb tests. We pray that progress can be made in achieving some degree of disarmament, thus permitting part of the vast resources now applied to the barren task of producing still more terrible weapons of destruction to be transferred to the constructive and hopeful task of assisting the peoples in the less developed countries to eliminate disease and poverty from their lives.

I have come to Canada at a time when great international tension has been generated by recent developments in the Middle East. The attitude of my government to this situation was made clear in the statement issued on July 16, just before I left. We believe that any attempt to pass judgment on what has happened would at this stage simply heighten tension, and the task now is to secure a workable solution for the future. This, we suggest, could be based on three principles; the substitution of a United Nations force for the American troops now in Lebanon; the holding of free elections in that country under United Nations supervision, and the subsequent establishment of Lebanon as a free and independent state with a status of neutrality, internationally guaranteed on the analogy of Austria. As to the immediate situation, I am confident that I express the views of the leaders of the other independent African states when I say that all of us pray that the leaders of the great powers will come to an understanding which will spare us, who are not parties to their disputes, and the rest of mankind from the unbelievable horrors of modern war. Today, so it seems to me, the fate of mankind rests in the hands of a few men. I pray that they are fully aware of their vast responsibilities.

May I say how greatly we in Ghana have been impressed and inspired by Canada's record in the field of international affairs in recent years. We feel that common sense, decency and reasonableness have invariably reinforced the admirable attitudes you have taken in the United Nations and the wise counsel which you have contributed to the commonwealth.

One other aspect of our international relations on which I wish to touch is that of economic development. Like any other less developed country, we wish to banish disease, ignorance and poverty from our land. We realize that we can only do this in co-operation with other countries and governments. We are the world's greatest producer of cocoa, but like other one-crop countries we are at the mercy of world prices. As you know, the recession of the last year has already had disastrous political consequences quite apart from its economic effects for several of the governments of those less developed areas.

In our own case I attach the highest importance to increasing the productivity of our agriculture, and to starting the industrialization of our country. The cornerstone of our future development is the successful implementation of our great Volta river project for the production of aluminum. Here again the recession has affected our basic plans most profoundly for aluminum producers are now naturally reluctant to increase capacity. Like everyone else, I trust that this recession will end very quickly and that the expansion of the North American economy, which can so

decisively affect our own hopes for the future and the hopes of all less developed countries, will soon be resumed.

It is this situation which to me most vividly illustrates the community of interest and common purpose which should exist between the dollar and sterling areas on the one hand and the less developed countries on the other. The sustained development of the resources of the less developed countries would not only reduce their economic vulnerability and thus consolidate their vitally important political independence, but at the same time raw materials would continue to be produced for the more advanced industrial nations, thus ensuring the maintenance of high levels of employment and the expansion of world trade, a process which of itself is essential for the survival of the western economies.

In recent years I believe that the common interest and identity of purpose between the wealthier nations and the less developed areas has not been adequately recognized. I hope the forthcoming commonwealth economic conference will give adequate consideration to this basic truth, and in particular pay far greater attention than in the past to the political implications of economic development.

All of us in our separate ways, both as individuals and as nations, desperately seek for a world of peace where men and women may bring up their children in security and with confidence in the future. I believe that apart from general disarmament and the abolition of nuclear tests nothing could do more to achieve this hope than that all like-minded countries should gather together and cooperate in achieving sustained and balanced economic development among themselves, thus expanding world trade and improving the common welfare of all people.

Before I conclude I should like to express the appreciation of my government and the people of Ghana to this great country of Canada for the many manifestations of interest which you have already demonstrated in our affairs since independence, and for the very welcome assistance in a number of fields, economic, social and cultural, which we have received from you. We can best show our appreciation of this assistance by ensuring that it is used for the maximum benefit of all people.

May I thank you once again for the honour and privilege of addressing this great assembly. I pray that this occasion will always be remembered as the beginning of an enduring friendship between Canada and Ghana, a friendship based on a common belief in the dignity of all mankind and in the right of all people to control their own affairs, dedicated to the pursuit of peace. Thank you.

(*Translation*):

Hon. Mark Robert Drouin (Speaker of the Senate): It is on behalf of the Canadian Senate, Mr. Prime Minister, that I have the great honour of welcoming you to this house which, in your country as in ours, symbolizes the respect of our two peoples, Ghana and Canada, for parliamentary democratic institutions, those pillars upon which, notwithstanding differences in culture and tradition, rests the close unity of commonwealth nations.

This union of different peoples under the banner of parliamentary democracy is no mere gesture. The Canadian people which, as you have seen, is made up of various racial communities, have managed, through democratic institutions in their federal form, to fashion and pursue a common ideal and to respect each other's essential characteristics. It is with an equal respect for their diversity and an unshakeable faith in their common ideal that Canada looks upon the nations of the commonwealth, whether they be African, like yours, Mr. Prime Minister, Asiatic or Anglo-Saxon.

You are the head of a new African nation, independent within the commonwealth and called to a high destiny, not only on your own continent, but in the whole democratic world as well. Heir to the traditions of ancient Africa's civilization and to British parliamentary institutions and conscious of the responsibility implied by that privilege, your country has already undertaken to give them dynamic and positive expression. Since your recent accession to independence, your government, with astonishing courage, has already started to develop the natural resources of your beautiful country.

Apart from your great love for Africa and your deep understanding of that country, you yourself, Mr. Prime Minister, have brought to your role of nation builder an extensive knowledge of the North American continent gained during your studies in the United States. It is therefore with very special interest and understanding that Canadians look upon the unfolding of Ghana's destiny. Just as each of the two racial groups who inhabit both our countries are equal partners, enjoying the same rights and privileges, so each and every one of the nations of the commonwealth are equal partners jointly and severally pursuing objectives of peace and happiness.

Straightway and by right your country has become a full member of this great and

noble commonwealth family. You are welcome into it, and beyond the Atlantic and the African continent we extend a friendly hand to all the citizens of Ghana whose beloved Sovereign, it seems only fitting to point out, is the same as ours.

The people of Canada appreciate your having made us this visit in spite of your pressing responsibilities. On my own behalf and on behalf of the Senate of Canada, I ask you to accept our thanks for your kind words and to convey to your compatriots the expression of our sincere admiration and faithful friendship.

(*Text*):

Hon. Roland Michener (Speaker of the House of Commons): Prime Minister Nkrumah, in bringing this memorable session to a conclusion may I add a word of thanks on behalf of the House of Commons. I assure you, sir, that our meeting today has been all too short, having regard to the significance of your visit and the interest you have inspired in us, and in all Canadians, in our brother country of Ghana. We should gladly have given you the unlimited time which is accorded in this chamber to a Prime Minister or a Leader of the Opposition, as against the few minutes which you have taken. It would have been a pleasure, too, to hear from the distinguished members of your government who accompany you, and whom we are so happy to welcome. May I express a personal regret that we are not able to meet that remarkable man, Sir Emmanuel Quist, the former Speaker of your legislative assembly, whose contribution to the establishment of parliamentary methods in your new legislature must have been indispensable.

Your visit, in your capacity as representative of the youngest member of the great and growing family of nations which make up the commonwealth, is not only appropriate but it is a touching recognition and furtherance of our fraternal relations. It gives to your older Canadian brother another opportunity to inspect and dote upon the new baby. I hope the metaphor will not be offensive. As Sir Winston Churchill might have said, "Some baby". In fact your phenomenal growth in political stature from the cradle to majority and independence in the last ten years is in contrast to our own unhurried but steady evolution over a century from colony to independence.

From 1791 to 1867 we had three constitutional advances to self-government, and took another 50 years to excercise independence in external affairs. In your case, if we leave out of account the Burns constitution of 1946, which within 18 months was described as outmoded at birth, you rapidly outgrew two new constitutions, those of 1951 and 1954, and reached full stature on March 6, 1957. Then you donned the constitutional garment which you now wear with so much apparent comfort and sophistication.

Apart from this contrast in the rate of our political growth there are many similarities in our history in the commonwealth family. As has been said, we gave the lead to the original four British dominions which, with the United Kingdom, made up the British commonwealth. You have given the lead to the African states. Your democracy, like ours, is modelled on that remarkable British invention of responsible parliamentary government. As I have said on other occasions, this common use of parliamentary institutions which runs throughout the nations of the commonwealth today gives us all an understanding and a confidence in each other's policies and politics which is a solid basis for future friendhip and co-operation.

From what I read, you in Ghana have already mastered the parliamentary art. Your great speech in the independence debate, with its understanding of British policy and African needs, its eloquence and its sincerity, its apt quotations from Burke, Aristotle and Tennyson, was in the highest tradition. I am told, too, that if you had any notes on that occasion they were not the copious notes the Speaker hears about in some other houses.

Some other of your new parliamentary practices will endear you to our members. For example, you are reported once to have advised an exasperating member to go have a drink of orange juice. Your ministers, too, seem to follow familiar patterns in dealing with questions before the orders of the day. This example comes from John Gunther:

> Mr. Kusi asked the Minister of Agriculture and Natural Resources—
>
> (a) What is the estimated population of the tsetse fly?
>
> (b) Is there any evidence that the number is increasing?
>
> Mr. Casely-Hayford: (a) There is no available record of tsetse fly population.
>
> (b) In view of the answer to part (a) of the question, the answer is no.

We thank you, sir, for your visit and your message. It has been said that the darkest thing about Africa has been our ignorance of it. You are doing much to dispel this ignorance. We honour you for the outstanding leadership which you are giving in Ghana. We honour your country for its assumption of the responsibilities of self-government. So much depends in West Africa on its success and its example. Please bear with you when you return to Ghana the heartfelt good wishes of the Canadian Parliament and people for all your high endeavours.

THE SENATE

Wednesday, July 23, 1958

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

Prayers.

Routine proceedings.

PRAIRIE GRAIN ADVANCE PAYMENTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-31, to amend the Prairie Grain Advance Payments Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I beg to lay on the Table certain reports, as follows:

Report on operations of the Fisheries Improvement Loans Act for the fiscal year ended March 31, 1958, pursuant to section 12 of the act, being chapter 46, Statutes of 1955. (English and French texts).

Report on operations of the Veterans' Business and Professional Loans Act for the fiscal year ended March 31, 1958, pursuant to section 13 of the Act, being Chapter 278, R.S. (English and French texts).

Report of the Canadian Farm Loan Board for the fiscal year ended March 31, 1958, pursuant to section 85(3) of the Financial Administration Act, Chapter 116, R.S. (English text).

PRIVATE BILL

MID-CONTINENT PIPELINES LIMITED—

FIRST READING

Hon. Mr. Aseltine, for Hon. Mr. Brunt, presented Bill S-15, respecting Mid-Continent Pipelines Limited.

Bill read first time.

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

Hon. Mr. Aseltine: Tuesday next.

CRIMINAL CODE BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-9.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-9) intituled: "An Act to amend the Criminal Code", have in obedience to the order of reference of the 16th of July, 1958, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Aseltine: If there is no objection, I would move the third reading now.

Motion agreed to and bill read third time and passed.

INTERNATIONAL TRADE

NOTICE OF MOTION STANDS

On the notice of motion by Hon. Mr. Robertson:

That in the opinion of the Senate, Canada should enter into immediate negotiations to associate herself with her NATO partners and other countries of good will in the imaginative and constructive effort, presently in contemplation, to develop the economic welfare of the western world.

Hon. Mr. Robertson: Honourable senators, I would ask that this order stand until Wednesday, July 30.

LOAN COMPANIES BILL

ORDER POSTPONED

On the Order:

Third reading of Bill S-10, intituled an Act to amend the Loan Companies Act—(Hon. Senator Brunt).

Hon. Mr. Aseltine: Honourable senators, I would ask, with the consent of the house, that this order be allowed to stand for consideration later this day, after consideration of Order No. 3.

Hon. Senators: Agreed.

YUKON BILL

THIRD READING

Hon. Gunnar S. Thorvaldson moved the third reading of Bill C-35, to amend the Yukon Act.

Motion agreed to and bill read third time and passed.

TRUST COMPANIES BILL

THIRD READING

The Senate resumed from Thursday, July 17, the adjourned debate on the motion of Hon. Mr. Brunt for the third reading of Bill S-11, to amend the Trust Companies Act.

Hon. David A. Croll: Honourable senators, it will be recalled that this bill was introduced in the Senate on Tuesday, July 8, at which time the sponsor, (Hon. Mr. Brunt) made a short explanation, outlining the important highlights. The matter was then put over for second reading until Thursday, July 10, when the Leader of the Opposition (Hon. Mr. Macdonald), speaking on the motion for second reading, pointed out that copies of the bill had not yet been distributed to honourable senators. The fact was that copies had just been distributed at that minute but honourable members had had no time in which to study the bill. The sponsor then asked for an opportunity to make the Government's statement on the bill and he suggested that the honourable Leader of the Opposition (Hon. Mr. Macdonald) could then move adjournment of the debate to give honourable senators ample opportunity to study the bill and go over his explanatory remarks. He proceeded to make an explanation, during the course of which he was considerably interrupted. There was no time for honourable senators to read the bill and to listen and give consideration to his statement. As a result we have a somewhat disjointed statement. I think it is well to indicate that those who make statements when introducing bills in this house should in a mild and kindly manner head off questions from the floor until they have completed their statements. We had a good illustration of this last night when three different bills were introduced, statements made and questions asked afterwards. Under such conditions, when we come to read the record at a later date it gives us the full story. When a person explains a bill and finds that a questioner is persistent, I think that under the rules he can brush him off for the time being. There is a time for consideration and a time to ask questions and, in any event, there is likely to be a committee stage.

On Thursday, July 10, the honourable senator from Wellington (Hon. Mr. Howard) said that he wanted time to discuss the matter with some companies in his constituency. It seemed a reasonable request, and the debate was then adjourned. On Tuesday, July 15, the honourable Leader of the Opposition said that he had considered the bill and gave it qualified approval. The honourable senator from Inkerman (Hon. Mr. Hugessen) who, by the way, is an eminent authority on these matters, said that he had discussed the matter with the trust companies, and he, too, was able to vote for the principle involved in the bill. At that sitting the bill was given second reading and the sponsor moved that it be sent to the Banking and Commerce Committee the following day, Wednesday, the 16th. He advised us that he had already made arrangements for the hearing by the committee of Jules Fortin, Secretary-Treasurer of the Dominion Mortgage and Investments Association. Mr. Fortin is an excellent authority on these matters, and he was to speak on behalf of the trust and loan companies. The committee was also to hear from Mr. MacGregor, the Superintendent of Insurance. Now, that precipitous meeting was the first mistake. All members of this house should know that Wednesday is caucus day for all parties. It has been traditionally so. Caucuses are important, not only for the Government, but also as means of keeping us aware of what is going on and giving us an opportunity to meet the members of the House of Commons at least once a week.

It had always been the custom for the chairman of the Banking and Commerce Committee, of which I am a member, to canvass the members to ascertain whether they will be available for a meeting and if the meeting time is satisfactory. This was not the case. I speak only for myself; I was preoccupied—

Hon. Mr. Aseltine: May I ask the honourable senator a question? Was there not a meeting in the morning, and another meeting after the house adjourned in the afternoon?

Hon. Mr. Croll: On Wednesday I was busy all day, along with six other senators, carrying out duties that this house has imposed upon us; they were not very pleasant, but we did them—we didn't have any choice about the matter. I did not object, because I expected that I would see the record of the Banking and Commerce Committee and read the evidence, but, lo and behold! to my amazement no record of the evidence was taken. So we have a debate today, not so much because of opposition to the bill, but because, owing to lack of information, it comes to us half-baked.

Hon. Mr. Pouliot: Hear, hear.

Hon. Mr. Croll: We spent a great deal of energy, but it has been mostly misdirected. I think we might as well have an understanding now that we cannot ring a fire bell on originating legislation in this house. This is a Parliament and not a production line. Short of repetition and filibuster, it is better to have more talk than to have less talk, and it is better to have more consideration rather than less consideration. These committee meetings have to be planned in order that they may not conflict with other committee meetings where members have duties and responsibilities. But what is more important, this bill is originating legislation—it started in

this house—and as it is originating legislation it imposes a great duty and a responsibility on the Senate, because one recognized political party is not numerically represented in this house and their view must be put forward in the Senate by those who are so inclined—and there are some of us who are so inclined. Bills that originate in the Senate and have not yet been discussed in the House of Commons or a Commons committee take on greater importance because of that fact. It is not enough that the trust companies and the loan companies should approve of this bill. They have been asking for this legislation for a great number of years. The committee chairman or whoever was responsible should have invited outsiders, representatives of the great labour bodies, of agricultural bodies, credit unions and the chamber of commerce, and others who might be interested, to come and give evidence if they wanted to. If they refused, that would be their lookout.

Well, we failed in that respect, and in my view it leaves this house open to a serious charge, the charge that we have heard only one side of the case. This bill proposes a fundamental change in a basic financial institution.

Hon. Mr. Gershaw: Will the honourable senator yield for a moment? I notice that the adjournment of the debate stands in the name of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I was awaiting preliminary discussion, but I would like to state at this time that he wishes to discuss this bill and not to lose his opportunity of speaking.

Hon. Mr. Croll: He is not going to lose his opportunity. He is occupied elsewhere at the moment, but he will be in the house in time to avail himself of the opportunity to speak.

Hon. Mr. Gershaw: The adjournment stands in his name.

Hon. Mr. Croll: Well, he was not here to speak when the order was called. I will see that he gets an opportunity to speak.

One of the greatest assets of these trust companies is not so much the amount of their paid-up capital or the profits that they make, as the confidence that people place in them. Therefore they are the sort of institution that requires the closest kind of examination on our part. I think that our failure to have given every one an opportunity to be heard is not insurmountable at this stage and it must be corrected. I remind the house how careful we must be when dealing with these financial bills. A year or so ago we passed legislation permitting mutualization of insurance companies. The intent was to keep control of the companies in Canada—a laudable purpose. But that is not all that happened. While the shareholders were working, the smart boys on Bay street and Bloor street and St. James street were working at angles. It is a matter of public knowledge that stock killings were made by insiders. I do not suggest that there was anything dishonest; there were no vicuna coats and no oriental rugs, and no paid-up hotel bills. They merely got a big help at the expense of the public.

It is well to take a look at the change in stock prices after these companies indicated that they were likely to mutualize. Confederation Life stock on December 31, 1957, was quoted at $87 a share. In April of this year it was quoted at $157.32 a share. It is the same price now. Equitable Life shares on December 31, 1957, were quoted at $45 a share. In April of this year they were selling at $55 and they are selling at that price today. Manufacturers Life stock on December 31, 1957, was quoted at $170. In April of this year it was $240, and as of this date it is quoted at $242. Sun Life stock on December 31, 1957, was quoted at $205. In April of this year it was quoted at $315 and it is now $323.

I think it is proper to ask: For whose benefit is this legislation? I know that the loan companies and the trust companies approve of it, but who else approves? If there are going to be other killings, at least we ought to let the public know about them.

In so far as the amortization clause itself is concerned, I see no great objection to it. I do not believe that the magic day on which the companies have to take the value of the bonds has any special merit to it, but there is much to be said in favour of amortization values. In any event, have not these companies the right to come to us and ask to be treated as we treat other institutions? That is not unreasonable.

In so far as the borrowing power of the companies is concerned, there has been a gradual increase over the years. I do not know how much is fair, how much is necessary. I have had an opportunity to look at the profits of these organizations. They are pretty good. They will do better, but there is no reason why they should not have the increase if they can make a case out for it. But this legislation came too quickly and too soon, with the result that only one side of the case was heard and, because of that, the bill is under a cloud and appears to be rigged. It gives an appearance that powerful lobbies have pulled strings.

Hon. Mr. Lambert: May I interrupt my honourable friend? I am sure he is not unaware that he is casting a very unfair light

on the Superintendent of Insurance, Mr. MacGregor, who gave evidence before the committee and committed himself very definitely on behalf of this bill after hearing the case explained to him. I for one personally object to having Mr. MacGregor share any accusation of having a bill rigged before our committee.

Hon. Mr. Croll: May I say to the honourable senator from Ottawa (Hon. Mr. Lambert) that Mr. MacGregor is a highly respected public servant. He gave his evidence but he does not vote on the bill. I do vote on the bill. If I have opinions on it—

Hon. Mr. Lambert: Well, I abide by the opinion of Mr. MacGregor.

Hon. Mr. Croll: I abide by it too. I have a high respect for him. If you listened to the honourable senator from Gulf (Hon. Mr. Power), you must realize that he did not quite agree with all of what you say about Mr. MacGregor's evidence.

Now, we can choose any one of three courses of action. We could ask for a vote and possibly defeat the bill. As I have already indicated, I am not in favour of defeating the bill. We could pass the bill today, but if we do that I think it will leave those who are affected by it under somewhat of a cloud because the whole story has not yet been heard. The third course, and the one which I suggest to this house, is that the bill be sent back to committee for a full hearing, and that the committee fix a day well in advance, send out invitations to the bodies I have already named and other bodies and persons who may be interested, and record the proceedings. I recommend to this house that the bill be returned for a full and exhaustive study. I say the study must be exhaustive. If it is not, there will be criticism of this house outside Parliament and from the other house.

What we do in this house we pride ourselves upon doing well. In the past we have not been afraid to correct our mistakes. This is one. And while there is time to correct our mistake it is my recommendation that we do so just as soon as possible. We can study this bill all next week. There is no special urgency. These companies have already waited five years; they can wait another two weeks.

Hon. Jean-François Pouliot: Honourable senators, this is a bill which I have taken trouble to read and tried hard to understand. A journalist wrote during the election campaign that members of Parliament were not supposed to be trained seals. That applies as well to the Senate, and I do not see why we should remain here to say "Amen, amen" to all the legislation that comes before us. There are two kinds of legislation. There is good, progressive legislation, conservative legislation, and on the other hand there is bad legislation. This is legislation at its worst. I am sorry to have to say so, but it is not the first time that I have had to fight bad legislation. I did it perpetually in the House of Commons, with some success, although it required a lot of patience at times.

We have for consideration two bills, concerning trust and loan companies. They were sponsored by the honourable senator from Hanover (Hon. Mr. Brunt), who I regret is not here this afternoon. He seemed to be reluctant to sponsor the bills, and when he was asked some pointed questions by a number of his colleagues—by the honourable senator from Gulf (Hon. Mr. Power), the honourable senator from Churchill (Hon. Mr. Crerar), the honourable senator for Toronto-Trinity (Hon. Mr. Roebuck), the honourable senator for Toronto-Spadina (Hon. Mr. Croll), by the honourable senator from Waterloo (Hon. Mr. Euler) and many others—he said, "Well this legislation is introduced at the request of the trust and loan companies." Is that an answer, honourable senators? Are we here to please and not to displease, or to do what is right and not to do what we consider wrong? Since when has the desire of the trust and loan companies been the norm for legislation that is brought before Parliament? One must have a higher regard of Parliament than that, and this kind of legislation is a subject that remains in the minds of the people.

If you are going to do something for the trust and loan companies, why not do it for everybody in every walk of life in Canada? Then everybody will be able to come here and see members of the cabinet, or any high official of the party in power at the present time, and say, "I will be very grateful to you if you pass such-and-such legislation." I understand that can be done for private legislation, but not for public legislation. Public legislation must in the first place be for the benefit of the Canadian people, and nobody can deny that. But this bill is not for the Canadian people at large; it is for a small group of important capitalists, not for the interest of the investors in their companies.

Following what has been so ably said by the honourable senator from Toronto-Spadina (Hon. Mr. Croll), I think I will move that those who come before the committee in the first place shall not be the Superintendent of Insurance, for whom I have regard, as everybody has, but the very directors themselves of the trust and loan companies, who will have to state before the committee what is the purpose for which they have come to the

Government to ask for this legislation. They must be bold enough to defend their position before Parliament, before the Senate Committee on Banking and Commerce, as well as the committees of the House of Commons.

At the present time there are in the law certain provisions to control those people who consider themselves more important than the Almighty. I speak of the directors of the trust and loan companies, all of them. They think they can make the law in this country. It is time to stop it, and we are the ones who can stop it. We are here to act according to our personal convictions and principles. Why should we be impressed by money? I admit that the Christians of nowadays are more materialistic than the Jews who worshipped the Golden Calf. There are, nevertheless, sound principles of legislation which shall never be forgotten and must always be respected by Parliament.

As I have already remarked, the sponsor of this legislation (Hon. Mr. Brunt) is not in the chamber at present, but I would remind him that the fight by our forefathers for constitutional rights, for responsible government, must ever be kept in mind. What they did must be again the inspiration of all of us.

As somebody once told me, the financial ring could not be broken in the Senate. My answer was: "There is no financial ring. I know none of my colleagues would put personal interests before public interests." This is a case where I hope the decision of this house will confirm the good opinion I have of my colleagues. We ask nothing more than light; we want clarification of the request of the trust and loan companies, and we must get it. How can it be said that the legislation is for the benefit of the public and not for the benefit of the trust companies? It is in a very strange way. At the present time a minimum of reserves and paid-up capital is required. The honourable gentleman who sponsored the bill said: "Oh, it is not enough; what is subscribed and is paid is much more than that. The act mentions $250,000, but no company has less than $1 million." And what does he do? He suggests that the minimum should be dropped, so that we may have many new companies to compete with the banks and other institutions. There is no protection for their interests.

What is extremely important is that the trust and loan companies want to extend their business from ten times to twelve and one-half times the amount of their reserves. Imagine! If they want a larger sphere of action in business, it is easy for them to get it. They have only to take the trouble of subscribing more capital, and then they would have more money and credit to deal with. But they do not do that; they want to have a larger sphere of action with the same reserves, thereby creating inflation.

Everybody complains about inflation; governments vote hundreds of millions of dollars apparently to stop inflation, but here is a small piece of legislation which is like termites that destroy the pillars of the state and may create inflation. The companies are asking for a big thing, yet they have nothing to say. It is most ridiculous and most absurd. I do not see how it can be put seriously to my colleagues, who are men of experience in business and good Canadians. I do not intend to quote everything that was said by the honourable gentleman who sponsored this bill, but I would refer honourable members to *Hansard* of July 10. If you read that you will see I have not exaggerated. There is no single reason for the adoption of this piece of legislation and I think it should be sent to committee, where the various officials can be called to give us an explanation and all the information we require before we pass such a bill. If this is done the Senate will have rendered a service of great importance to this country, a service that is expected of us.

In amendment to the motion for third reading, I therefore move, seconded by the Honourable Senator Croll, that the bill be not now read the third time but that it be referred back to the Standing Committee on Banking and Commerce for further consideration.

Hon. Arthur W. Roebuck: Honourable senators, I did not know that this amendment was to be moved just before I proposed to speak for a short time on this question. I really believe there is a better way of curing the difficulties in which this house is now involved than by sending this bill back to committee for further consideration. I think a method which would satisfy the mover and seconder of the resolution just made would be for the sponsor of this bill to strike out clause 12, which permits the companies to use amortized values. The rest of the bill is quite satisfactory. I make this suggestion because this is just a matter of business and common sense and it is something which should not be made a great issue of in this house. It is unnecessary. We have not yet heard any really cogent argument in favour of clause 12. The trust companies have been able to get along for a great many years without this method of accounting to which so serious objection is being taken. It will not hurt them to go on in the manner in which they have proceeded and made money in the past, during which time they have given great service to the people of this dominion.

I think the proposed change in the form of the statements is a vicious one, not a wise one. I do not want to be dramatic about this measure, for I think we should avoid that sort of thing in this type of discussion. It should be a prosaic discussion rather than a heated one. We have not been shown any necessity for the change, and I for one look with a very great deal of apprehension on what may follow this method of accounting.

Honourable senators, I am not speaking without some knowledge of the subject under discussion. As most of my colleagues know, the Insurance Branch of the Attorney General's Department of the province of Ontario was under my control for a considerable length of time. I had a great deal to do with just the type of work that is assigned to the Insurance Department of the dominion Government. We examined the books and weighed the assets of the trust companies against their liabilities and we did our best to see that the companies justified part of their name; that is, that they were trustworthy. The problems we faced were not always easy ones. That statement may recall to the minds of my colleagues that there have been in Canada bonds of the character described here that have fallen in value. As an outstanding example I would refer to the drop in market value some years ago of bonds of the province of Alberta. As I believe things now stand, as the act seems to imply, trust companies which held those bonds at that time would have been forced to value them, for the purposes of inspection by the departments, at their actual sales value at the time of inspection. If you pass this bill and allow companies to value bonds at their amortized value, it will be the price at which the bonds were bought, subject to such payments as have been made in the meantime. But the essence of it is that it will be the purchase price of those bonds and not their true value. In other words, the statements which will be supplied to the Department of Insurance in such circumstances will be exceedingly false and misleading and will vitiate the very purpose for which the examinations of these bonds are decreed.

If I may, let me for a moment make a general statement before I return to a discussion of the act itself. I listened with a great deal of interest to the eloquent remarks of the honourable member from Gulf (Hon. Mr. Power) during this debate, in which he intimated, perhaps not in these exact words but in effect at least, that this chamber was in some way the protector of capital and property. He reinforced his statement by saying that perhaps he should not be here at all with the views and attitudes which he possesses. He said that when the Senate was organized the idea was that senators would be protectors of property rights, and to ensure that end it was provided that all senators should have property qualifications. I do not know what attitude senators took in 1867, and it is not particularly interesting now, but if the property qualifications specified in the British North America Act were important in those days, let me say to my fellow senators that they are not important today. The amount is $4,000, which in 1867 was a lot of money. Today I suppose it is a reasonable down payment on the purchase of a house.

An Hon. Senator: Or a car.

Hon. Mr. Roebuck: Or on the purchase price of a car, yes. It seems to me that there are very few people with the experience and the years, and usually with the activities, that precede an appointment to this house, whose appointment would in any way be interfered with by those property qualifications. Almost everybody appointed to the Senate today could qualify as owning property to the extent of $4,000, and therefore that feature of the qualifications for appointment to the Senate is unimportant. My experience, which is now considerably over a decade in this chamber, is that the senators of today are not defenders of property as such, but rather represent the people of the dominion of Canada in the same broad way as does the honourable member from Gulf (Hon. Mr. Power). In all my adult years I have been an advocate of workingmen's causes, but I would not describe myself as a partisan of workingmen. I am not for workingmen; I am for men, and as I conceive my duty here it is to hold the balance fair and square between men, no matter how much they possess. There is no such thing as rights of property. There are rights of people with regard to property, but property itself has no rights. In this house my observation is that we hold that balance clearly and fairly as between all men, be they ever so rich or ever so poor and humble. I say this because of the general tenor of the remarks of the honourable member from Gulf, which might lead to the impression that he at least thought that we in the Senate are subject to the dictates of men of large accumulations of capital, such as the trust companies, that we are the pliant servants of the House of Have. We are nothing of the kind. I approach the question involved in this bill with this attitude, not as a partisan of one class or another, but as one who desires the best benefit to all the people, and I include in my good wishes for well-being the trust companies, and all others, be they rich or poor.

Honourable senators, may I say that when one is examining an act of this kind it is essential that one keep in mind the very law that now exists, and the very terms of the law by which we propose to change it. If I may be permitted, therefore, I would like to make a reference to the act itself. I direct attention in the first instance to section 71, which reads as follows:

> No company in which this act in whole or in part applies, or person acting on its behalf, shall transact the business of a trust company unless the company has obtained from the Minister a licence authorizing it so to do.

Now, that is there for a purpose, and I know very well what that purpose is, from personal experience. It is in order to ensure that these trust companies, as I have already said, are not institutions of "trust" in name only, but trustworthy in fact.

Subsection (2) reads:

> The Minister may issue to any such company that has complied with the provisions of this act and is, in the opinion of the Minister, in such a financial position as to justify its transaction of the business of a trust company, a licence authorizing the transaction of the said business.

And subsection (6) goes on to say that there is a right of appeal to the Governor in Council, should the Minister refuse a licence to a company.

Now, in order that a licence may be not just *pro forma* but rather based on substance, section 73 provides for the examination by the Government of the affairs of trust companies. Subsection (1) states:

> The Superintendent shall visit personally or cause a duly qualified member of his staff to visit, at least once in each year, the head office of each company required by this act to make returns to the Minister, and to examine carefully the statements of the condition and affairs of each company and report thereon to the Minister as to all matters requiring his attention and decision.

Now I turn to section 74. Subsections (1) and (2) read as follows:

> (1) Where as the result of the examination as aforesaid of any company the Superintendent believes that the assets of the company are insufficient to justify its continuance in business, he shall make a special report to the Minister on the condition of such company.
>
> (2) Where the Minister, after a reasonable time has been given to the company to be heard by him, and upon such further inquiry and investigation as he sees fit to make, reports to the Governor in Council that he agrees with the opinion of the Superintendent, the Governor in Council may, if he also concurs in such opinion, suspend or cancel the licence to the company, and the company shall thereupon cease to transact further business.

Honourable senators, this is very serious legislation. Then it goes on to say that if time has been granted to the company, and at the expiration of the time conditions have not changed and become more satisfactory, subsection (5) shall apply. That subsection says:

> Where upon the expiration of the conditional licence no arrangement satisfactory to the Minister has been made for such sale and transfer, and the company's condition is not then such as to warrant the restoration of the company's licence, the company shall be deemed to be insolvent.

And therefore it would be open to an application under the Bankruptcy Act for the winding up of the affairs of the company. And let me add here by way of comment that when that company came before the trustees in bankruptcy it would not be the amortized value of its assets that would be taken into consideration, but rather the actual sale value at the time. I submit that is the value we should now require these companies to report, not the amortized value, which is the purchase price, with such qualifications as time only may make necessary.

Now let me refer to another section to show how serious the legislatures of the past considered the making of false statements. I had not the advantage and privilege of attending the committee meeting where this matter was considered, but the member from Southern New Brunswick (Hon. Mr. McLean) told me that the Superintendent of Insurance said that it has been the policy of his department in the past to insist upon the true value rather than some book value such as is now contemplated. It has been the practice and the policy of the department to look to the market value of securities, not the purchase price, however amortized. If that were not the policy of the department in the past it should have been, and it should be in the future.

Let us see what the act says about giving "any wilfully deceptive statement" to the Superintendent of Insurance or anyone else whose duty it is to supervise trust companies and to guard the public against a trust company going brankrupt. The amortized value of securities shown in a statement rendered to the Superintendent of Insurance, rather than the true value of the assets, is a deceptive statement.

This is section 85 of the Trust Companies Act:

> The making of any wilfully false or deceptive statement in any account, statement, return, report or other document respecting the affairs of the company, or the using of any false or deceptive statement in any account, statement, return, report or other document respecting the affairs of the company with intent to deceive or mislead any person, is an indictable offence punishable, unless a greater punishment is in any case by law prescribed therefor, by imprisonment for a term not exceeding five years.

That shows how seriously the legislators of the past have looked upon the making of reports.

Hon. Mr. Aseltine: What is the reference?

Hon. Mr. Roebuck: Section 85 of the Trust Companies Act. It is not in the Criminal Code. Of course there are provisions in the Criminal Code about making false statements, but so serious were the legislators of the past with regard to these trust companies that they put in a special clause against inclusion in any statement of a misleading or false value that might mislead the people whose responsibility it is to supervise the affairs of these important concerns.

Hon. Mr. Lambert: Are you implying that the placing of an amortized value on the securities would be misleading?

Hon. Mr. Roebuck: Yes, I am. I think it would be most misleading.

Now, just a comment or two more before I return to the actual bill. It has been said in this debate that one of the reasons for granting this concession to the trust companies is that it is already possessed by the banks and the insurance companies. Well, I submit in the first place that the analogy is not a good one. These trust companies are not banks and they are not insurance companies. They perform different functions. But however that may be, how often, fellow senators, are we to multiply our mistakes? We may have had reason for giving that power to the banks, or we may have made a mistake when we gave it to the banks. One of the indications that we made a mistake is the fact that our action is now advanced as an argument why we should give it to somebody else. Where do we end?

Hon. Mr. Molson: May I ask the honourable senator a question? Is it not a fact that the banks did not apply for this power? Is it not a fact that it was introduced by the Bank of Canada and then suggested to the chartered banks?

Hon. Mr. Roebuck: I may accept your statement.

Hon. Mr. Croll: It is the other way around.

Hon. Mr. Aseltine: That is correct.

Hon. Mr. Roebuck: I do not know. If that is the way the honourable senator says it came about I will accept his word for it, but my judgment as to its advisability is not in the least influenced by that fact. If we now grant this power to the trust companies because we have granted it to the banks, why not take another step and grant it to all corporations? If it is sound in this instance, a most important instance, why not give it to everybody? That is the effect of a bad principle. Was it not Shakespeare who said:

> The evil that men do lives after them;
> The good is oft interred with their bones.

Bad precedents are vital things and may carry us far, particularly when you allow corporations to make statements which, under the circumstances, are untrue.

> O, what a tangled web we weave,
> When first we practise to deceive!

Let us have the truth, the facts, and the facts are the sale prices of the bonds at the time they are being considered. Anything else in inaccurate. We may describe it in more drastic terms.

Now, let me come to the act again. I turn to section 72, headed "Annual Statements". You will notice, honourable senators, that the whole of section 72 is repealed by the bill before us.

Subsection (2) of section 72 reads:

> The statement shall be in the Form in Schedule B, and shall be signed and declaration made by the president or vice-president and by the manager or secretary as in the Form prescribed.

All right. Now, let us turn to schedule B. I point out that on the second page of the schedule, that is page 46 of chapter 272 of the Revised Statutes, item 5, with regard to securities, provides:

> Particulars thereof with par and market values and rate of dividend to be given in separate schedule.

Par and market values are required to be shown. That is what the schedule says. An argument was made to me that since this is in the schedule, the companies would have to show the market value as well as amortized value. But what do I find in the bill? I find that the schedule is abolished. There is no reference to the schedule in the re-enacted clause 72, which reads:

> (1) The company shall, on or before the 1st day of March in each year, prepare and deposit in the department a statement of the condition and affairs of the company as of the next preceding 31st day of December, showing the assets and liabilities of the company on the said 31st day of December and its income and expenditures during the year that ended, together with such other information as the minister may require.
>
> (2) The statement required by subsection (1) shall be in such form as the Minister determines and shall be verified by oath of the president or a vice-president elected under subsection (1) of section 21 and of the manager or secretary of the company.

No reference, you see, to schedule B. It is all left in the hands of the minister.

Hon. Mr. Aseltine: Has the honourable senator overlooked subsection 4 of section 12 of the bill, at the top of page 5?

Hon. Mr. Roebuck: You are referring to the amortized value?

Hon. Mr. Aseltine: Subsection 4 at the top of page 5 reads:

> Every annual statement required by this act to be deposited in the department shall show in schedules the market values of all securities owned

by the company or held in respect of guaranteed trust moneys at the date of the statement.

Hon. Mr. Roebuck: My friend has just read subsection 4 of the new section 72A. The statement itself is exactly as I have described it. Schedule B is abolished; the minister is allowed to put anything he likes in that schedule, notwithstanding what this clause says.

Hon. Mr. Aseltine: That would have to be there too.

Hon. Mr. Roebuck: Why? If that is so, why confuse this issue by bringing in a new and artificial method of valuation? If, as my friend says, under the act as it stands the true market value shall be given, why put in this clause at all, and why is there an effort to push this bill through the house in spite of the resistance which it is meeting?

Hon. Mr. Aseltine: There is no effort at all to push this bill through the house. This is a Government bill which I introduced myself, and which I turned over to the honourable senator from Hanover (Hon. Mr. Brunt) to explain. There is no suggestion that it be rushed through the house.

Hon. Mr. Roebuck: If there is no effort on the part of the administration to make this bill law, why not accept the suggestion which I made in the opening paragraphs of my remarks? Why not drop the amortization value from section 72A? Get rid of it. It is vitiating. It is wrong in principle; and even though you do call my attention to the provision of subsection 4, it is still wrong, for the reason that you are proposing the adoption of an artificial method of valuation. You will find that method is used, otherwise the trust companies would not want it. Why would they want it, if they must also give the actual value? Why endorse an artificial value by Parliament in this manner? At the very least, it is confusing. It does not tend to a realization of the true valuation of these assets.

I again press upon my honourable friend the desirability of removing this matter of dispute from the chamber. I suggest that he withdraw the objectionable clause, otherwise, I shall vote for the amendment to send the bill back to committee, and under no circumstances will I vote for the adoption of the bill with that clause in it.

I think my friend should consider the views expressed by some few of us. We are certainly entitled to some consideration; it is not as though we had no experience in matters of this kind; we have had a great deal of experience.

Hon. Mr. Aseltine: May I interrupt the honourable senator to say that he was not present at the committee meeting.

Hon. Mr. Roebuck: I was not present because I had other duties.

Hon. Mr. Aseltine: These matters were brought up, considered, and voted down.

Hon. Mr. Roebuck: When the committee was being constituted I told the honourable Leader of the Government (Hon. Mr. Aseltine) that I could not be present at its meeting, that I had other duties, and I asked that a very wide invitation be issued so that those who might oppose this bill would have a chance to express their views. The meeting was nevertheless held peremptorily.

Hon. Mr. Aseltine: Are there any persons that the honourable senator knows who would be interested in coming before the Banking and Commerce Committee when this bill is before it?

Hon. Mr. Roebuck: I cannot give you names.

Hon. Mr. Macdonald: Give them a chance to come.

Hon. Mr. Roebuck: Yes, give them a chance; that is all I ask. You had before the committee an advocate of the bill, a representative of the trust companies, and a civil servant whom you had on the spot.

Hon. Mr. Lambert: No!

Hon. Mr. Roebuck: Yes, he was on the spot. It is his duty to support Government legislation; it is not his duty to speak against it. He is a servant of the public, but under the control of the Goverment, and I think it is rather cruel to put him in a difficult position in that regard. Nevertheless, from what I hear he gave a most qualified consent, if consent at all, to this bill. According to some senators who were there, that gentleman said that the policy of the department had always been to take the true value of securities rather than the amortized value. No one who carries the terrible responsibility that the Superintendent of Insurance bears of protecting the public against false values and seeing to it that trust companies are trustworthy would question his wanting to take the true value rather than the amortized value.

Hon. Mr. Lambert: Would not subsection 4 of the new section 72A protect the public?

Hon. Mr. Roebuck: I don't think so. We are certainly allowing in the statement of assets the use of an untrue value. If you permit the two values to be used, the trust companies will of course take the value which is most desirable to them. If the amortized value

shows them to be solvent, that is the value which they will emphasize. I know how difficult it is to resist the pleas of highly respectable people in problems of this character.

Once again I press upon the administration to drop the objectionable section. It is not necessary; it has not been proved to be of any value, and many of us think it is vicious. I think the administration would be very wise in dropping it.

Hon. George S. White: Honourable senators, I wish to make only a few remarks before this motion passes, and to state on behalf of the Government that there is absolutely no objection to this bill being referred back to committee.

I would also like to say that personally I think it rather unfortunate that the last three senators to speak have seen fit to use, in my opinion, such strong language as "lack of information", "half-baked proposals", "a measure that appears to be rigged", "false values", and so on. I do not think those remarks were called for in any respect. The honourable senator from Toronto-Spadina (Hon. Mr. Croll) reviewed briefly the passage of this legislation through our chamber, and what he said was quite correct. The bill was introduced by the honourable gentleman from Hanover (Hon. Mr. Brunt), and on the motion for second reading an objection was raised by the honourable senator from Wellington (Hon. Mr. Howard) and his objection was satisfactorily answered. The sponsor was permitted to make a statement which, together with many questions put to him by honourable senators, covers several pages of *Hansard*. At the end of his statement he was complimented on his presentation by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) and the honourable gentleman from Waterloo (Hon. Mr. Euler). That was on Thursday, July 10.

The bill came before the Senate again on the following Tuesday evening, July 15. The *Minutes of the Proceedings* show that those two honourable senators were present at that meeting. The honourable Leader of the Opposition (Hon. Mr. Macdonald) spoke on the resumed debate for the second reading of the bill and in his remarks, which are carried in two columns of *Hansard*, he expressed approval of the measure. He was followed by the honourable gentleman from Inkerman (Hon. Mr. Hugessen), at the conclusion of whose remarks the honourable senator from Wellington asked that the question be put. As no other senator indicated he wished to speak, the question was put, the bill was read the second time, and then on the motion of the sponsor, the bill was referred to the Standing Committee on Banking and Commerce. There was opportunity in committee for honourable senators to obtain further information, to make statements or do anything else they wanted in connection with the bill, but they did not do so.

Hon. Mr. Roebuck: May I ask if it is not a fact that the bill was only distributed that very afternoon?

Hon. Mr. White: No. I am now speaking of Tuesday evening, July 15. Copies of the bill had been distributed the previous Thursday. The Leader of the Opposition covered that fact in his remarks when he stated he had had an opportunity to examine the various features of the bill over the weekend. So the bill had been in the possession of honourable members from Thursday, July 10, to the following Tuesday, July 15. In any event, the bill was referred to committee. Unfortunately I was not present in committee and therefore, as to what happened there, I only know what my honourable colleagues have told me.

The honourable senator from De la Durantaye (Hon. Mr. Pouliot) speaks about a return to responsible government and asks whom we are representing in this chamber. May I say that, being only a country lawyer, I certainly do not represent any trust companies. I think his remarks suggesting that any member of the Senate is here as a representative of any body whatever were a reflection on all honourable senators.

As I have said, there is no objection on the part of the Government to returning this bill to the Standing Committee on Banking and Commerce. If other people wish to appear before the committee it will be all to the good. Let us have a thorough examination in committee and let us hear anybody who has anything to say either for or against the measure, and then have the bill come back to this chamber.

Hon. A. K. Hugessen: Honourable senators, I am not normally a very brave man but this afternoon I am going to have the temerity to say that I completely disagree with the rather fervent oratory of the three honourable senators who preceded the honourable gentleman from Hastings-Frontenac (Hon. Mr. White) in this debate.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Hugessen: To my mind this is a comparatively simple and innocuous bill, and I may add, perhaps for the benefit of the honourable senator from De la Durantaye (Hon. Mr. Pouliot), that I am neither a shareholder of nor do I represent in a legal capacity any of the trust companies affected by this legislation.

We have heard a good deal this afternoon from the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) about this artificial method of valuation which he says is going to be false and misleading. I want honourable senators to be quite certain as to just how false and misleading this information is going to be. The honourable senator from Gulf (Hon. Mr. Power) seemed to believe that the proposed new section 72A of the act, which provides for an actuarial valuation of dominion and provincial securities, will permit these trust companies to make false statements of their financial position to the public. I quote from what he said on July 17:

> It is true that somewhere in its report the company is obliged to give the market value, but what goes out to the public is not the market value but the amortized value, which in some cases may be a great deal lower than the market value—

The honourable senator from Southern New Brunswick (Hon. Mr. McLean) added words to the same effect when he said, as reported on page 340 of *Hansard*:

> Honourable senators, I think the general public should be protected. We are told that the purpose of the Senate is to represent the general public of Canada, but I do not think we are protecting the general public if we allow balance sheets to go out which are false. A company's assets should be shown on its balance sheet at their true market value, not a false value.

Well, I am sure those honourable gentlemen were under a misapprehension as to what the purport of this proposed amendment to section 72 of the act involves. It has nothing whatever to do with the annual statements which these trust companies have to make to their shareholders. It is confined solely and simply to the annual statement which each of these companies is required to make to the minister under this act, and which in future they will be required to make to the Superintendent of Insurance.

This bill does not purport to change in any way, shape or form the content or the make-up of the financial statements which each of these trust companies makes to its shareholders annually. That is covered in parts of the Trust Companies Act which are not being changed by this legislation.

I would just like to refer to one or two of them. Section 43 (1) of the Trust Companies Act declares this:

> An annual general meeting of the company shall be held at its head office once in each year after the organization of the company and the commencement of the business, and at such meeting a statement of the affairs of the company shall be submitted.

You will see there is no provision about the way in which the company shall value its securities in its statements to its shareholders.

Then section 48 requires the shareholders to appoint an auditor at each annual meeting, and it contains the usual provisions that a director or officer cannot be an auditor. In other words, an auditor has to be an independent agent of the shareholders.

Section 49 deals with the duties of the auditor. Subsection (1) says that he has a right of access at all times to the books and accounts, and so forth. Then subsection (2) says:

> The auditors shall make a report
> (a) to the shareholders on the statement submitted to the company at the annual general meeting; and
> (b) to the Minister on the annual statement to be prepared and transmitted to him in pursuance of this act.

There is the clear distinction between the statement the company has to give to its shareholders at the annual meeting and the statement the company has to furnish to the Minister, now to the Superintendent of Insurance, under the amendment to this proposed legislation.

Then the act goes on to say, in subsection (3):

> The report in each case shall state
>
> (a) whether they have obtained all the information and explanations they have required; and
> (b) whether in their opinion the respective statements are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them and as shown by the books of the company.

Now, quite regardless of the manner in which any of these trust companies might value their securities in the annual statements which they submit to their shareholders, honourable senators who are shareholders of companies and receive the annual statements of companies, part of whose assets consist of marketable securities, know very well that the auditors always insist that each company must append to its balance sheet a note saying "Market value"—so much. So as far as this bill is concerned we have nothing whatever to do with the public statements that these trust companies have to submit to their shareholders annually, and I venture to submit that the shareholders are amply protected by the auditors' report.

That being so, the only person who is apt or likely to be misled by what my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) said was a false and misleading statement, prepared by any one of these trust companies and submitted to the Superintendent of Insurance under the proposed new Section 72 (a) of the bill, is the Superintendent of Insurance himself. How absurd can one get, honourable senators? How can the Superintendent of Insurance be misled

by the fact that dominion and provincial government securities have been shown on the statements submitted to him by a trust company at their amortized value, when the amendment itself requires that in addition to showing the amortized value the company has also to show in schedules these same securities at their market value? That is all there is to this suggestion and to the—as I think I must describe them—rather exaggerated statements about the capacity which this bill gives to these evil trust companies to make false and misleading statements about their financial position.

Hon. Mr. Crerar: May I ask a question?

Hon. Mr. Hugessen: Certainly.

Hon. Mr. Crerar: Is it not the case that the amortization values of securities applies only to federal bonds and provincial bonds that are not in default?

Hon. Mr. Hugessen: That is right.

Hon. Mr. Crerar: If they are in default they have to be shown in the statement at their market value at that time; and all other securities, industrial and so on, must also be shown in the statement at market value?

Hon. Mr. Hugessen: My honourable friend is perfectly correct; that is the situation. This permission to show these securities in this particular form is confined simply to federal Government securities, provincial Government securities, and securities guaranteed by the federal Government or by a provincial Government which have a term. In other words, they have to mature at a certain date.

Hon. Mr. Crerar: And they must be securities which are not in default?

Hon. Mr. Hugessen: Securities which are not in default.

Hon. Mr. Crerar: So the instance of Alberta cited by my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) would not apply in this case?

Hon. Mr. Hugessen: Oh, no.

Honourable senators, I was much impressed, as I think the whole house was impressed, by the speech made the other day by the honourable senator from Gulf (Hon. Mr. Power). In effect, what he said to us was this: What is the public interest in this legislation; how does the public derive any advantage from this legislation, and should we not consider the interests of the public as a whole rather than the interests of these few trust companies which are to be affected by this bill? Well, that is a pretty fair question. Of course, I agree that the primary consideration of every one of us is the public interest. But let us be practical about this. Ninety-nine out of every 100 members of the public have no concern whatsoever with the Trust Companies Act of the Dominion of Canada. The people who are primarily concerned with the act, who are governed by it, and who, as my honourable friend from Toronto-Trinity said, are subject to severe penalties for infringement of it, are the trust companies themselves. So I think that instead of asking the rather general question which my honourable friend from Gulf asked as to the public interest in this bill, the questions we should ask ourselves are, first: Is there anything in this bill which is contrary to the public interest? and, secondly: If we find nothing contrary to the public interest, isn't there something in the bill that the people who are subject to it are in favour of and which we can properly grant to them?

Hon. Mr. Power: Will the honourable gentleman permit a question?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Power: Have not the people who lend money to these companies—that is, the depositors—any interest in the legislation which governs the companies?

Hon. Mr. Hugessen: Oh, yes.

Hon. Mr. Power: Well, I would say they comprise a very much larger number of people than do the people who are interested primarily in the management of these companies.

Hon. Mr. Hugessen: I quite agree with my honourable friend from Gulf, and I say that the interests of the depositors are part of the public interest which we have to consider, and if we believe their interests are going to be prejudiced by anything we might do here, we should not do it.

Hon. Mr. Power: The only reason for this legislation then, should be to protect the interest of the general public. My whole contention was that no word or evidence had been given as to the rights and advantages the general public is going to get from this legislation. That was the whole of my argument.

Hon. Mr. Hugessen: Well, after all, I suppose it is only fair to say that if Parliament has enacted a Trust Companies Act and set up an official, as it has done in the person of the Superintendent of Insurance, to police this act on behalf of the general public who are likely to be affected by it, then we should be governed very largely in our consideration of the benefits or otherwise of

this measure by what the Superintendent of Insurance says to us; and I point out to my honourable friend that we had the Superintendent of Insurance as a witness before the committee for a period of about four hours one day last week.

My honourable friend the senator who preceded me (Hon. Mr. White) said that the Government had no objection to sending this bill back to the Standing Committee on Banking and Commerce for further consideration. If that be so, of course I, as a private member on the Opposition side, would not object either, though had my honourable friend not made that statement I was fully prepared to vote against the amendment moved by the honourable senator from De la Durantaye (Hon. Mr. Pouliot), because for the life of me I cannot see what enlightenment we could get from a further meeting of that committee other than the enlightenment that we did get at a long and quite difficult meeting which extended for two hours one morning and another hour and a half in the afternoon of the same day after the Senate adjourned.

I felt after that meeting was over that the Standing Committee on Banking and Commerce had received all the information that was necessary to enable it to form an intelligent judgment on the merits or demerits of this measure. And, as I say, I do not see what further use can be served by holding another meeting.

I must here interpose perhaps a word to my honourable friend from Toronto-Spadina (Hon. Mr. Croll). He, by implication at least, criticized the action of the committee when he said that the chairman of the committee ought to have seen that others interested were invited to appear and give evidence before it. Well, when the committee met that morning I attended as an ordinary member, and much to my surprise I was then and there elected Acting Chairman, in the absence of the permanent Chairman. Of course, I had no opportunity of any kind to see that further evidence was forthcoming. And again, I do not know what further evidence would be of value or of utility to the house. My honourable friend suggested that some of the labour unions might be called. What in the world could they contribute? Another suggestion was that perhaps the Canadian Chamber of Commerce might be called. Well I do not know that it would have anything much to say. This to me is primarily a matter between the Government and Parliament on the one hand, as represented by the Superintendent of Insurance, and on the other hand those trust companies which are subject to the provisions of the bill.

I have no objection to any one else coming before the Standing Committee on Banking and Commerce and expressing views on this bill, but to my honourable friend from Toronto-Spadina who says that people have been taken by surprise and that there has not been sufficient time to consider the bill I point out that this is a public bill which was introduced for first reading on the 8th of July. There have been practically three weeks for any person in any part of the country who had any views to express on this bill to write to the Chairman of Committees or in some other way to communicate a desire to express views on this bill. So far as I am aware there have been no such communications of any kind.

I am afraid I have taken too much of the time of the house. In view of the Government's willingness to have the bill referred back to committee, I have no objection to that procedure, but I take the view now, which the great majority of the committee took at the conclusion of the hearing last week, that it is really a bill of minor importance, that if does confer some slight benefit on some of these trust companies, and that there is no valid reason in the world why it should not be passed in its present form.

Hon. Gustave Monette: Honourable senators, may I add a word on the matter now before us?

I admit there may be some confusion in honest minds, but the answer to the question raised lies, I believe, in subsections 3 and 4 of section 72A, quoted by the honourable senator who spoke last. Subsection 4 of that section requires the annual statement of every company concerned to be deposited in the department. Thus, a public statement from every one of these companies would be on deposit with the department.

Subsection 3 of section 72A reads:

> **The securities owned by a company or held in respect of guaranteed trust moneys shall be taken into account in every annual statement at values that, in total, do not exceed the aggregate of—**

Let me stop there and say that these securities are to be shown in every annual statement at their values. And what are they?

> **(a) the amortized values of redeemable securities not in defaut, issued or guaranteed by the Government of Canada or by the Government of any province of Canada, and—**
>
> **(b) the market values of all securities other than those described in paragraph (a).**

That means that only the securities mentioned in paragraph (a), that is, those guaranteed by the Government of Canada or by a province, shall be taken at the amortized value, rather than at the market value,

provided they are not in default. And being guaranteed by the Canadian Government or a provincial Government, they are certain to be paid. That would seem to be sufficient to provide a clear and adequate guarantee for the protection of those interested. But subsection 4 of the same section goes on to say this:

> Every annual statement required by this act to be deposited in the department shall show in schedules the market values of all securities owned by the company or held in respect of guaranteed trust moneys at the date of the statement.

That is, paragraphs (a) and (b) of subsection 3 provide that securities guaranteed by the dominion Government or a provincial Government shall be shown at their amortized values, and all other securities at their market values. As a further precaution subsection 4 requires that every statement submitted to the department shall show the market values of all securities of whatever kind.

So, honourable senators, anyone desiring to know the market value of all the securities owned by a trust company or held by it in respect of quaranteed trust moneys can obtain that information from the company's annual statements. And again I point out that amortized values shall be taken into account only in the case of securities guaranteed or issued by the federal Government or any of the provincial Governments, and provided they are not in default.

Hon. Mr. Hugessen: That is right.

Hon. A. Neil McLean: The honourable senator from Inkerman (Hon. Mr. Hugessen) has referred to what I said the other day about false balance sheets. As honourable senators know, on any balance sheet the assets are set out and added up, the liabilities are set out and added up, and what is left over is the surplus in the company. Now if the value is taken as the amortized value and it is beyond the market value, that shows a false balance sheet. The assets just aren't there, and they won't be there for liquidation, or if the company sells out.

I spoke to the Superintendent of Insurance and asked him what was the policy of his department. He told me, "We have always been against amortized values." That was the policy of his department. Therefore, if we put through this bill allowing amortized values, we shall be allowing false balance sheets. I would repeat that again and again: you add up the assets, add up the liabilities, and subtract one from the other if you want to know the true valuation of the surplus. But when you put in the amortized value you get a false valuation. If the amortized value is higher than the market value, you cannot sell at the amortized value.

Hon. Mr. Hugessen: May I ask my honourable friend if he has reference to the annual statement that these companies furnish to the superintendent or to the annual statement they furnish to their shareholders?

Hon. Mr. McLean: Every company I am connected with gets out quarterly statements, and revises them when necessary. I happen to be in the fish business, and if our statement that went out at the end of March does not coincide with what was shown on the statement at the end of December, we put in the true value.

Hon. Mr. Hugessen: I am not interested in the price of fish; I am only informing the honourable senator that whatever rights these companies have with respect to the balance sheets which they furnish to their shareholders and the public are not affected one way or the other by this bill.

Hon. Mr. McLean: They certainly are. If a company has to go into liquidation it is not going to realize on the amortized value; it has to realize on the market value.

Hon. Mr. Lambert: The honourable senator from Southern New Brunswick (Hon. Mr. McLean) referred to a reply he got to a question put to Mr. MacGregor, the Superintendent of Insurance. My understanding of what the superintendent said was that the department over which he is supervisor receives the market value figures as well as the amortized value figures and therefore is cognizant at all times of the position of every trust company that comes under his supervision.

Hon. Hartland DeM. Molson: Honourable senators, I did not intend to say anything on this bill, but I feel, with some of the senators who have spoken, that there certainly is a great deal of confusion.

Like the honourable senator from Inkerman (Hon. Mr. Hugessen), I attended the meeting of the committee which dealt with this bill, and I felt that the bill was quite a reasonable one. I did not then know that it was a sinister bill; nor did I know that there were insiders, perhaps directors of trust companies, who were spending their time working out angles so that they could make prodigious sums of money at the expense of the public.

I take my duties in the Senate as seriously, I think, as any other senator does. I feel that I am representing not any group or class, but a certain small section of the public. As Parliament creates corporations, I would assume that Parliament is the only

body that can amend the acts under which these corporations have their existence.

I am fully cognizant that I am following after some of the greatest and most eloquent orators we have in this house. I am also extremely conscious that I am not a member of the bar, and that therefore my ability to plead a cause may suffer by comparison.

It seems to me that in imputing motives to some unknown parties that have not been connected with this bill we are not acting in the best interests of either the Senate or the public. In the course of his remarks the honourable senator from Toronto Spadina (Hon. Mr. Croll) dealt with the amendment which enabled life insurance companies to become mutualized. He said that the insiders—I think that was his term—made a killing. He named two insurance companies, perhaps three, whose directors I do not happen to know. I do not know who the insiders would be. I do not believe he would imply that they were the directors of those insurance companies. But I am a director of one of the life insurance companies he named, the Sun Life Assurance Company of Canada, whose stock he said went up from $205 to $325 in about four months. The first thing I have to say in that respect is that I think the honourable senator is wrong.

Hon. Mr. Croll: I took the figures from the financial statement. Would you like me to send the statement to you?

Hon. Mr. Molson: I would appreciate any information you have, but I still say I think you are wrong.

Hon. Mr. Croll: I will be glad to send it to you.

Hon. Mr. Molson: In the second case, I think the directors of those companies—I can't speak for all companies—do not make a practice of putting themselves in jeopardy by going out and buying the stock of the companies of which they are directors in order to make a quick deal. I would like, therefore, to dissociate myself entirely from the remark made by the honourable senator from Toronto-Spadina (Hon. Mr. Croll) as regards the directors of insurance companies.

Our Canadian insurance companies have a very good record; they are respected and have an enviable standing throughout the world. There should be no implications in this chamber that these companies are run by people who coax the Government into letting them be mutualized in order to make a quick deal. So much for that.

With regard to the bill itself—and I am not associated with any of these companies as a shareholder or director in any way at all—I would say that the effect of the proposed amendment is to put the companies in the same position as the insurance companies and the banks have already been put in by the Government.

I quite agree with the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that because a thing was allowed to be done once is no argument that it should happen again. In fact, like the honourable senator from Gulf (Hon. Mr. Power)—and as I think the Superintendent of Insurance said about himself—actually I have always been a market-value person. I do think that the true value is better demonstrated by taking securities at their market value rather than at their amortized value. But a great many of the members of this house have voted for legislation that made amortized values effective for banks and for insurance companies. It seems to me that it is rather late in the day to pick on these trust companies—I think there were ten of them—which are not the biggest trust companies in Canada. The bigger trust companies are incorporated under provincial statute, and, apparently, according to the Superintendent of Insurance, they are already carrying out the procedure proposed in this bill. So unless I am mistaken it would appear that we are seizing the wrong medium for trying to re-establish a principle. We are really locking the door of the stable. After the proceedings in committee, I personally could not vote to return this bill to committee. I do not consider it necessary to do so, but I can assure honourable senators that if I felt there was any danger to any public interest I would be most happy to have the bill referred back to committee for re-examination. Sometimes we may hurry legislation through, but as a rule legislation gets good and careful consideration in our committees and in this house. I do not feel that any legislation should be hurried. Perhaps this was handled a bit hastily, but to my mind the amendments are not important and therefore, the bill having been dealt with by the committee in what seemed to be a reasonable way, I will not vote to have it returned to the committee now.

Hon. William M. Wall: Honourable senators, we have had a very fruitful and brilliant discussion on the problem of amortized valuation. I must admit that I am concerned with the principle to the extent that there is a linear relationship between this change in the bill and section 10 of the act. As honourable senators may recall, section 10 has to do with planned amortized valuation of both a company's funds and the guaranteed funds that are received by a company for reinvestment. The amendment to section 10 changes the multiplier from 10 times to 12½ times the

amount of the unimpaired paid-up capital stock and reserve of the company. I must admit I found it difficult to assess the pros and cons of this change with respect to the multiplier. In the historical context, when the federal legislation was introduced in 1914 the restriction was fixed at five times. I have read the Commons *Hansard* very carefully, and in 1931 the restriction was changed to seven times, which was a 40 per cent increase. I might say that in the other house the full discussion on the amendment of 1931 took only 25 or 26 lines of *Hansard*.

In 1947 the multiplier of seven times was changed to the present multiplier of 10 times, and now we are being asked to increase it to 12½ times. If there is an error in the amortization principle introduced by this bill, then that error is compounded by 12½ times when we try to arrive at the aggregate sum of moneys borrowed or moneys entrusted to either the loan companies or the trust companies for reinvestment purposes.

I understand that the trust companies requested this relaxation of the 10-times ratio, and this is also being accorded to the loan companies, to be effected by bylaw, in another bill now before the Senate. This will enable them to receive more deposits or issue more debenture loans. In other words, it will enable them to do more reinvestment business without—and I want to stress this—increasing their paid-up capital. To me the crux of the problem is this: has the case been proved that it is the multiplier that should be changed? Or should more capital be raised in order to meet the needs of reinvestment?

A reference to the last annual report issued by the Department of Insurance on loan and trust companies discloses the relationship of the paid-up capital and surplus *vis-a-vis* the total amount of business transacted by the companies. It also shows, for example, that the paid-up capital of the ten trust companies in 1956 was about $17.3 million, an increase of roughly $2 million over what it was in 1955, with a possible authorized paid-up capital of, I believe, $33 or $34 million. In effect, one could argue that there is room for increasing the deposit and reinvestment business of both the loan and trust companies by increasing their capitalization. The question before me is this: to meet a growing public need for this kind of service, has a good case been made to Parliament for narrowing the existing protective margin by increasing the 10-times multiplier to 12½ times, as opposed to increasing the capital structure of the trust companies and loan companies?

Basing their claim on successful responsible reinvestment experience, I am told that the trust companies requested that this multiplier be increased to 15. This would mean that the protective margin would be 100 divided by 15, which gives you 6.67 per cent. When you realize that the company funds from which you begin this ratio, and the guaranteed funds, would both be subjected to a change in value, the net protective margin would probably be around 6 per cent.

We were told that the Superintendent of Insurance felt he was unable to agree to this 15-times multiplier, regarding a margin of safety of approximately 6 per cent as being less satisfactory from the public point of view than the 12½-times multiplier that he was prepared to accept and recommend to Parliament.

This new multiplier gives us an effective protective margin of about 7½ per cent, which is deemed adequate. I know something about market value fluctuations of securities in which these guaranteed funds of trust companies would be invested, and it appears we must make a judgment concerning the multiplier that will result in a required percentage protective margin to be maintained by statute. Is it to be the present 10 times, which gives a margin of about 9 per cent; the suggested 12½ times, which gives a margin of about 7½ per cent; or, in fact, the originally requested margin of 15 times, which gives a margin of about 6 per cent? We must keep in mind the apparent fact that what is done at the federal level by statutory prescription will have a normative effect upon the operation of provincially-incorporated companies. I think that is very significant and important.

Quite frankly, there appears to be no effective mathematical yardstick by which one is able to judge the relative security of this protective margin. Is 6 per cent to 7½ per cent a good margin? I do not know, but being cautious I tend to say, "Well, 10 times has been a good margin, let us leave it at 10, if we are going to change the principle of market valuation to amortized valuation." However, the Department of Insurance has agreed to the increase, and the Government accepts its recommendation by advancing the bill, and through the department the Government accepts responsibility for the effective operation, I think, of this new stated margin.

Now I come to this final observation, which I think is pertinent: If Parliament, honourable senators, has an obligation to relax these particular statutory provisions, to help the trust companies and the loan companies to meet what are additional demands and opportunities for reinvestment services, then the converse of this obligation is equally true, namely, that the judicious utilization of this new multiplier by trust and loan companies should go hand in hand with, and perhaps

even be preceded by, concurrent increases of paid-up capital stock in these financial institutions, in which equity participation many present as well as new Canadian stockholders would be pleased to share.

Hon. Mr. Aseltine: Honourable senators,—

Hon. Vincent Dupuis: Honourable senators, I do not intend to say much. As a matter of fact, I do not wish to discuss the principle of the bill at all. My only purpose in rising is to express my opinion as to the advisability of giving our unanimous consent to the motion to send the bill to committee again for the purpose of studying it more thoroughly. I think by so doing we would be proving to the public that in a case of this kind a great deal of consideration is being given to the views of those members who oppose the bill, such as the honourable member from Toronto-Trinity (Hon. Mr. Roebuck), the honourable member from Toronto-Spadina (Hon. Mr. Croll), my good friend from Gulf (Hon. Mr. Power) and others. They may be right or wrong, but their opinions deserve great consideration.

Honourable senators, I think the bill deserves further study, and I would submit very humbly, as a member of this honourable house, that we should agree to sending it to committee again, especially in view of the fact that the very distinguished member from Hastings-Frontenac (Hon. Mr. White), speaking for the Government, has said he has no objection to this course.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Aseltine, seconded by the Honourable Senator Quinn, that Bill S-11, intituled "An Act to amend the Trust Companies Act", be now read the third time. In amendment, it is moved by the Honourable Senator Pouliot, seconded by the Honourable Senator Croll, that this bill be not now read the third time, but that it be referred back to the Standing Committee on Banking and Commerce for further consideration. Is it your pleasure to adopt the amendment?

Some Hon. Senators: No.

The Hon. the Speaker: The contents will please rise—

Hon. Mr. Macdonald: There has been no request for a vote.

The Hon. the Speaker: Is there a request for a vote?

Hon. Mr. Macdonald: I think we should have the decision of His Honour the Speaker as to whether or not the motion is carried.

The Hon. the Speaker: If there is no request for a vote, the motion carries.

Hon. Mr. Macdonald: Do I understand that in Mr. Speaker's opinion the contents have it?

The Hon. the Speaker: Yes.

Hon. Mr. Hugessen: His Honour did not call for contents and non-contents.

Hon. Mr. Macdonald: He does not have to do so.

The Hon. the Speaker: I asked if there was a request for a vote and I understood there was not. Since there is a request for a vote now, I ask those in favour of the amendment to rise and say "Content", and those opposed to rise and say "Non-content".

Hon. Mr. Macdonald: Mr. Speaker, I believe the procedure in the Senate is, first, for Mr. Speaker to ask who are contents and who are non-contents. He then declares which in his opinion have the majority. Then if the house wants to have a recorded vote it is necessary for at least two senators to rise and ask for the vote to be recorded. That has not been done as yet.

Hon. Mr. Aseltine: I suggest that His Honour the Speaker put the question again.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Aseltine, seconded by the Honourable Senator Quinn, that Bill S-11, intituled "An Act to amend the Trust Companies Act", be now read the third time. In amendment, it is moved by the Honourable Senator Pouliot, seconded by the Honourable Senator Croll, that this bill be not now read the third time, but that it be referred back to the Standing Committee on Banking and Commerce for further consideration.

Those who are in favour of the amendment will please say "Content".

Some Hon. Senators: Content.

The Hon. the Speaker: Those who are opposed to the motion will please say "Non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: I declare the amendment negatived.

The question is now on the motion for third reading. Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Macdonald: Carried.

Hon. Mr. Power: No!

Hon. Mr. Roebuck: On division.

The Hon. the Speaker: Motion carried, on division.

Motion agreed to and bill read third time and passed, on division.

LOAN COMPANIES BILL

THIRD READING

Hon. George S. White moved the third reading of Bill S-10, to amend the Loan Companies Act.

The Hon. the Speaker: Honourable senators, it has been moved by the honourable senator White, seconded by the honourable senator Aseltine, that this bill be now read the third time. Is it your pleasure to adopt the motion?

Hon. Mr. Roebuck: On division.

Motion agreed to and bill read third time and passed, on division.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 226 to 257, which were presented yesterday.

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, Chairman of the committee, moved that the reports be adopted.

Motion agreed to,

BILLS—SECOND READINGS

Hon. Mr. Gershaw, on behalf of Hon. Mr. Roebuck, moved the second reading of the following bills:

Bill SD-188, for the relief of Jean-Paul Camire.

Bill SD-189, for the relief of Evelyn Zigayer Sedawey.

Bill SD-190, for the relief of Eleanor Wanda Leshynska Ross.

Bill SD-191, for the relief of Irene Rondeau Desbiens.

Bill SD-192, for the relief of Victor Petrashevics.

Bill SD-193, for the relief of Joseph Adrien Octave Guillotte.

Bill SD-194, for the relief of Jeannette Jaslow Feifer.

Bill SD-195, for the relief of Edith Rosen Browman.

Bill SD-196, for the relief of Paul-Emile Papineau.

Bill SD-197, for the relief of Joan Patricia Gatien Juzenko.

Bill SD-198, for the relief of Myrto Mona Diane Chevrette Cadieux.

Bill SD-199, for the relief of William Harrison Terry.

Bill SD-200, for the relief of Andrzej Skarzynski.

Bill SD-201, for the relief of Otta Zilkalns.

Bill SD-202, for the relief of Leo Milette.

Bill SD-203, for the relief of Angelina Di Battista Overland.

Bill SD-204, for the relief of Robert Herman Kashower.

Bill SD-205, for the relief of Evelyn Mills Miles.

Bill SD-206, for the relief of Margaret Alguire Kernaghan.

Bill SD-207, for the relief of Georges Albert Hetu.

Bill SD-208, for the relief of Francisca Catharina Sanders Simard.

Bill SD-209, for the relief of Yolande Robert LeBel.

Bill SD-210, for the relief of Joseph Anthime Roland Bock.

Bill SD-211, for the relief of Clarence Joseph Reilly.

Bill SD-212, for the relief of Elizabeth Christina Law MacNab.

Bill SD-213, for the relief of Frank Joo.

Bill SD-214, for the relief of Eileen Annie Elizabeth Stonebridge Hopkinson.

Bill SD-215, for the relief of Giuseppe Fusari.

Bill SD-216, for the relief of Jean Adolphe Abel Mathys.

Bill SD-217, for the relief of Catherine Regina Hearn Cullen.

Bill SD-218, for the relief of Richard Cloutier.

Motion agreed to and bills read second time, on division.

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

Hon. Mr. Gershaw: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 24, 1958

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

Prayers.

Routine proceedings.

PRAIRIE FARM ASSISTANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-40, to amend the Prairie Farm Assistance Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

ANIMAL CONTAGIOUS DISEASES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-41, to amend the Animal Contagious Diseases Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

DOCUMENT TABLED

Hon. Mr. Aseltine: Honourable senators, I beg to lay on the Table:

Report of operations of the Prairie Grain Producers Interim Financing Act, 1956, for the period September 1, 1957, to May 31, 1958, pursuant to section 12, Chapter 1, Statutes of 1956. (English text).

NATIONAL PARKS BILL

REPORT OF COMMITTEE

Hon. Cyrille Vaillancourt, Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill C-36.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (C-36) intituled: "An Act to amend the National Parks Act respecting the boundaries of Cape Breton Highlands National Park", have in obedience to the order of reference of July 22, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Quinn: Next sitting.

LAKE OF THE WOODS CONTROL BOARD BILL

COMMITTEE AMENDMENT CONCURRED IN

Hon. Mr. Vaillancourt, Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill C-25.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (C-25) intituled: "An Act to amend The Lake of the Woods Control Board Act, 1921", have in obedience to the order of reference of July 22, 1958, examined the said bill and now report the same with the following amendment:

Page 3, lines 7 to 14 both inclusive: strike out subclause (2) and substitute the following: "(2) An order of the Board may be filed in the Exchequer Court of Canada, the Supreme Court of Ontario or Her Majesty's Court of Queen's Bench for Manitoba and may within the territorial jurisdiction of the court in which it is filed be enforced in the same manner as a judgment of that court."

The Hon. the Speaker: Honourable senators, when shall this amendment be considered?

Hon. Mr. Thorvaldson: With leave, I would move that the amendment be concurred in now.

Hon. Mr. Connolly (Ottawa West): Would the sponsor of the bill (Hon. Mr. Thorvaldson) please explain the purpose of the amendment?

Hon. Mr. Thorvaldson: Honourable senators, the amendment is proposed by the committee because of what was deemed to be faulty drafting in section 3 of the bill repealing section 5 of the act. The drafting which was deemed to be faulty was discovered by the legal officers of the Senate, and after consultation with the legal officers of the Department of Justice responsible for the original drafting, it was proposed that subclause (2) of the section be changed as indicated in the committee's report. I can best explain the change by reading the subclause as it appeared originally in the bill:

An order of the Board may be filed in the Exchequer Court of Canada, the Supreme Court of Ontario or Her Majesty's Court of Queen's Bench for Manitoba and may be enforced in respect of Ontario in the same manner as a judgment of the Supreme Court of Ontario and may be enforced in respect of Manitoba in the same manner as a judgment of Her Majesty's Court of Queen's Bench for Manitoba.

Honourable senators will observe that this provides for enforcement of orders of the

board in only two courts, namely, the Supreme Court of Ontario and Her Majesty's Court of Queen's Bench for Manitoba, and contains no provision for enforcing an order filed in the Exchequer Court of Canada. The subclause as amended by the committee would read as follows:

An order of the Board may be filed in the Exchequer Court of Canada, the Supreme Court of Ontario or Her Majesty's Court of Queen's Bench for Manitoba and may within the territorial jurisdiction of the court in which it is filed be enforced in the same manner as a judgment of that court.

That would clarify the situation, and I think honourable senators will agree it is an improvement on the original draft.

Hon. Mr. Macdonald: May I ask the sponsor if the bill originated in this house, or are we amending a bill that was passed and approved by the other house?

Hon. Mr. Thorvaldson: We are amending a bill that was passed and approved in the other house, but the Department of Justice officials recognized that this is an appropriate amendment and that it should be made.

Hon. Mr. Connolly (Ottawa West): Does the Department of Justice suggest that the word "territorial" is required in the amendment?

Hon. Mr. Thorvaldson: The amendment was prepared by the Department of Justice after the section was referred to them by this house.

Motion agreed to.

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

Hon. Mr. Thorvaldson: Next sitting.

PRIVATE BILL

CANADIAN WOMEN'S PRESS CLUB—REFUND OF FEES

Hon. Norman P. Lambert: Honourable senators, with leave of the Senate I move:

That the parliamentary fees paid upon the Bill (S-8) intituled: "An Act to incorporate Canadian Women's Press Club," be refunded to Messrs. Coleman and Doyle, solicitors for petitioners, less printing and translation costs.

Motion agreed to.

PUBLIC BILLS

SUSPENSION OF RULES

Hon. W. M. Aseltine moved, pursuant to notice

That, for the balance of the present session, Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

He said: Honourable senators, this is the usual motion that is passed by this house every year within the last two or three weeks of the close of the session. It is hoped that this session will end some time early in August. As I say, in past sessions we have always passed a motion of this kind. At any rate, every year during the 24 years that I have been here this motion has been introduced at about this period of the session. I do not think I need to say anything further in regard to the matter, unless honourable senators have some questions.

Hon. Mr. Croll: I was in doubt about the motion, but on the honourable leader's assertion that the session will end in a couple of weeks I will vote for it.

Hon. W. Ross Macdonald: Honourable senators, the Leader of the Government (Hon. Mr. Aseltine) has informed the house that Parliament is likely to be prorogued within the next two or three weeks. I see there is considerable legislation still on the Order Paper of the other house. Probably the Leader of the Government here can tell us before this motion carries whether the Government intends to proceed with all that legislation and also with other legislation which was referred to in the Speech from the Throne and has not yet been brought down. We should have some information as to what legislation remains for us to consider, and I think the honourable leader should give it to us before asking us to pass this motion on his statement that the house is likely to adjourn within the next two or three weeks.

Honourable senators, I would have no objection to the passing of this motion at this time, but I am sure the Leader of the Government will not take advantage of the motion by bringing forward legislation and expecting us to put it through hastily. Legislation should go through this house in the normal way and, notwithstanding this motion, the rules as to notice should be followed by the Leader of the Government when he presents other legislation to us.

Of course, there is a safeguard in connection with this motion. If a bill is brought forward and a motion made that it receive more than one reading in one day the motion will be in order, but if the house feels that the bill should not go through in one day it will be within the right of any honourable member to move adjournment of the debate so that the bill can receive our consideration overnight and be proceeded with the next day.

Hon. Mr. Aseltine: I understand that has been the practice in the past.

Hon. Mr. Macdonald: That is our safeguard, in any event.

I have two requests of the Leader of the Government: one is to tell us what legislation we can expect, and the other is that he do not ask us to pass legislation through this house hastily.

Hon. Mr. Aseltine: I regret that I am unable to answer the first question, other than to say that I understand that all the legislation which is at present on the Orders of the Day in the other place will eventually come to this chamber.

Hon. Mr. Macdonald: Within two or three weeks?

Hon. Mr. Aseltine: Well, during the last few days we have received five or six bills, and I understand that commencing next week bills will come to us more frequently than they have in the past. I regret that I have no further information, but I will make inquiries and try to inform the house at the next sitting what legislation is in prospect before prorogation. Of course, I am not making a definite statement that Parliament will prorogue on any certain date but I am hoping it will prorogue within approximately the time I have mentioned.

Hon. A. K. Hugessen: I wonder if the Leader of the Government (Hon. Mr. Aseltine) could inform us when he expects the bill in connection with the taxation of estates is likely to come before this house. I understand that it is pretty well through in the other place.

Hon. Mr. Aseltine: It is at present before the Committee on Banking and Commerce of the other house, but I do not know how many meetings that committee will hold on the bill.

Hon. Mr. Hugessen: I was informed this morning that the committee had practically completed consideration of the bill.

Hon. Mr. Aseltine: I understood it would be about six days from the time the bill went to the committee until it came to us, so we shall probably receive it next week.

Hon. Mr. Macdonald: Honourable senators, may I be permitted to ask another question? At the present time the other house is considering a bill to provide for the resumption of the British Columbia Coast Steamship Service, operated by the Canadian Pacific Railway Company. Can the honourable Leader of the Government give us any idea as to when this house may expect that bill, if it passes the other house? Also, what are his proposals as to further sittings of the Senate this week?

Hon. Mr. Aseltine: Honourable senators, I expect that bill to pass through the other house in time to be received by us for first reading some time today. The resolution stage was passed and the bill received first reading last night, and I understand it is now in process of being given second reading.

With respect to further sittings of the Senate this week, I hope that before we conclude our work this afternoon we may have information as to when we shall receive the bill to which my honourable friend referred. If we do not have information by that time I will then propose that we adjourn during pleasure, to meet at the call of the bell at approximately 6 o'clock. If at that hour there is no prospect of our receiving the bill today, I will ask the house to adjourn until tomorrow. The Prime Minister has announced that it is his hope and that of the Government that the steamships will be brought into operation not later than Saturday of this week.

Hon. T. A. Crerar: Honourable senators, there are a few comments I wish to make upon the motion now before us.

I suspect that the bringing forward of this motion is not unrelated to the matter presently being discussed in the other place, which seems to come into the category of emergency legislation. I dislike to have to disagree with my good friend the honourable Leader of the Government forces in this house, but we have already, on three occasions since the opening of this session, had to deal with so-called emergencies, and in each case we waived certain rules in response to the earnest pleas of the leader in order that he might proceed with these different pieces of legislation.

I have no objection personally to facilitating in every way possible the bill now under consideration in the other place. But at this stage of the session, when we do not know how long the session may last, when a substantial number of bills are on the Order Paper of the other place and additional bills will probably be brought in there, I object most definitely to the Senate giving the honourable leader here *carte blanche* to push any of these bills through this house in a hurry. That is not the way this chamber should conduct its business. If the purpose of suspending the rules as proposed in the motion is to expedite through this house the emergency legislation in respect of the British Columbia steamship service, I would have no objection to it; but I do definitely object to giving a *carte blanche* for all legislation that may come along. We may be sitting until the end of October. We do not know when the session will end.

It is quite true that in the past motions of this kind have been brought forward, but always, so far as my recollection goes, when

the legislation to be considered was on the Order Paper in the other place, and then when it was of very limited extent. In the past such a motion applied more to financial and supply resolutions than to anything else.

I do not like this surrender—and it is a surender—of the rights of this house in a state of affairs when we do not yet know what legislation is to come to us. I protest against it. I suggest in all good temper to the Leader of the Government that he secure permission of the house to deal with this particular piece of legislation that is coming through, and I am sure he will get it without any reservation. But an open engagement applicable to all legislation, some of which is completely hidden from us and has yet to be unfolded, is, I think, a little too much to ask of this honourable house.

Hon. Gray Turgeon: Honourable senators, as one who comes from British Columbia may I say a word on this matter? British Columbians have for some time been awaiting action by the Government in connection with the strike that has now been going on for more than two months. In the circumstances I hope that no action will be taken by this house that might delay for one day, or even half a day, the passing of the proposed legislation when it reaches this chamber. I am of the opinion that, with the unanimous consent of this chamber, this emergency legislation could receive three readings here in one day. If that could be done, perhaps this motion would not be required. In any event, I sincerely hope, on behalf of the people of British Columbia, that no action will be taken in this house that will cause delay in the passage of this bill.

Hon. Mr. Aseltine: Honourable senators, may I say in reply to the remarks made by the honourable senator from Churchill (Hon. Mr. Crerar) that when I prepared this motion I did not know about the legislation in connection with the British Columbia strike.

Hon. Mr. Crerar: Then the motion is all the more reprehensible.

Hon. Mr. Aseltine: It has been the usual thing to present this motion at this stage of every session. I discussed the matter with certain people before deciding to bring in the motion. If honourable senators do not want to pass it, that is all right.

Hon. Mr. Lambert: Honourable senators, with reference to the remarks made by my honourable friend the senator from Cariboo (Hon. Mr. Turgeon), I think it would be very much out of the way to suggest a stipulation of any kind with reference to the legislation regarding the strike in British Columbia. I have read the bill and I feel it involves consideration as important as any that this body could possibly give to any legislation that may come before us this session. Therefore, I would hesitate very much to commit myself to any stipulation that the bill would pass in one day unless there is adequate examination and inquiry.

Hon. Mr. Crerar: I would like the honourable Leader of the Government (Hon. Mr. Aseltine) to give us his assurance—

Hon. Mr. Aseltine: Honourable senators, I am quite willing to give the assurance that was requested by the honourable Leader of the Opposition (Hon. Mr. Macdonald).

Motion agreed to.

DIVORCE

BILLS—THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-188, for the relief of Jean-Paul Camire.

Bill SD-189, for the relief of Evelyn Zigayer Sedawey.

Bill SD-190, for the relief of Eleanor Wanda Leshynska Ross.

Bill SD-191, for the relief of Irene Rondeau Desbiens.

Bill SD-192, for the relief of Victor Petrashevics.

Bill SD-193, for the relief of Joseph Adrien Octave Guillotte.

Bill SD-194, for the relief of Jeannette Jaslow Feifer.

Bill SD-195, for the relief of Edith Rosen Browman.

Bill SD-196, for the relief of Paul-Emile Papineau.

Bill SD-197, for the relief of Joan Patricia Gatien Juzenko.

Bill SD-198, for the relief of Myrto Mona Diane Chevrette Cadieux.

Bill SD-199, for the relief of William Harrison Terry.

Bill SD-200, for the relief of Andrzej Skarzynski.

Bill SD-201, for the relief of Otta Zilkalns.

Bill SD-202, for the relief of Leo Milette.

Bill SD-203, for the relief of Angelina Di Battista Overland.

Bill SD-204, for the relief of Robert Herman Kashower.

Bill SD-205, for the relief of Evelyn Mills Miles.

Bill SD-206, for the relief of Margaret Alguire Kernaghan.

Bill SD-207, for the relief of Georges Albert Hetu.

Bill SD-208, for the relief of Francisca Catharina Sanders Simard.

Bill SD-209, for the relief of Yolande Robert LeBel.

Bill SD-210, for the relief of Joseph Anthime Roland Bock.

Bill SD-211, for the relief of Clarence Joseph Reilly.

Bill SD-212, for the relief of Elizabeth Christina Law MacNab.

Bill SD-213, for the relief of Frank Joo.

Bill SD-214, for the relief of Eileen Annie Elizabeth Stonebridge Hopkinson.

Bill SD-215, for the relief of Giuseppe Fusari.

Bill SD-216, for the relief of Jean Adolphe Abel Mathys.

Bill SD-217, for the relief of Catherine Regina Hearn Cullen.

Bill SD-218, for the relief of Richard Cloutier.

Motion agreed to and bills read third time and passed, on division.

CANADA-BELGIUM INCOME TAX CONVENTION BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill C-28, to implement a convention between Canada and Belgium for the avoidance of double taxation with respect to income taxes.

He said: Honourable senators, this bill is similar in most respects to other bills of a like nature which have been introduced in this chamber from year to year. The purpose of this bill is to implement a convention between Canada and Belgium for the avoidance of double taxation with respect to income taxes. The convention, or agreement, as it is sometimes called, forms a schedule to the bill. I propose to give a brief explanation of the bill, but I wish to point out that we in this chamber have no right to vary the terms of the agreement. We merely have the right to ratify or reject the agreement in its entirety.

Honourable senators, the purpose of the bill, and the agreement which it is intended to ratify, is to give legal effect in Canada to an agreement which, as a result of negotiations and subsequent exchanges, has been reached between the Government of Canada and the Government of Belgium for the avoidance of double taxation and for the establishment of rules for reciprocal fiscal assistance in the matter of income taxes, which agreement was signed at Ottawa on April 10, 1958.

The agreement follows the pattern established in the present income tax agreements which Canada has made with the United States of America, the United Kingdom, Sweden, New Zealand, Ireland, Denmark, France, the Federal Republic of Germany, South Africa, the Netherlands, and Australia, and has as its purpose the avoidance of double taxation and the exchange of information. By these treaties the agreeing countries codify the rules they will follow in taxing income earned in one country by persons residing in the other. This gives a degree of certainty to business enterprises of one country carrying on business in the other, and it helps to remove some of the uncertainty which prospective investors and business firms considering an expansion of their field of operations into the other country might otherwise have.

It is common in these agreements for each country to bind the rate of tax it will apply on investment income such as dividends, interest and royalties going to residents of the other country. All these agreements contain a provision by which each country agrees to limit its taxation of the industrial and commercial profits—what one might call the profits from carrying on business—of an enterprise of the other country to the profits which can be attributable to a permanent establishment of that enterprise.

Double taxation is avoided in these agreements chiefly by a reciprocal system of tax credits in which the country of residence gives credit for the tax imposed by the country where the income had its source. Naturally the wording of each agreement will vary to some degree because of differences in tax systems of the countries involved and the desire of some countries to cover certain matters in more detail.

Hon. John J. Connolly (Ottawa West): Does the honourable gentleman object to questions while he is proceeding?

Hon. Mr. Aseltine: Not if I can answer them.

Hon. Mr. Connolly (Ottawa West): This one I think has been asked on other occasions with respect to similar bills. I mention it now only because I am sure that the explanation will go to another branch of the bill. The honourable gentleman stated that there are differences between the rates of taxation in this country and in Belgium. He may not have the details right at hand, but if the bill goes to a committee the information could perhaps be obtained then; or if not, on third reading. It would be helpful to have a general indication of what the differences are between the rates of taxation under

the system obtaining in Belgium and those under the system obtaining in Canada.

Hon. Mr. Aseltine: I am not sure to what extent my honourable friend wishes to obtain information. Does he wish to obtain a comparison of the whole income tax structure in Belgium with our income tax structure here?

Hon. Mr. Connolly: No, I am only interested in the general lines—for instance, the comparative corporate rates in the two countries, and some general idea also of what the personal rates are in Belgium as compared with those in Canada.

Hon. Mr. Aseltine: I am not sure that I can answer the question to the honourable gentleman's satisfaction, but I will see what I can do a little later on.

I was saying, honourable senators, that naturally the wording of each agreement will vary to some degree because of the difference in the tax systems from country to country and the desire of some countries to cover certain matters in more detail. However, the general statement can be made that this agreement between Canada and Belgium follows the same pattern and principles found in the agreements between Canada and the other countries that I have mentioned.

Before I go further, I want to point out that the agreement to be considered covers only taxes on income in each country.

The description of the Belgian taxes covered by the agreement will be found in article I(b). The description may look odd in an agreement dealing only with income taxes since these Belgian taxes do not use the words "income taxes" in any of their titles. Nevertheless, all these taxes are taxes which are levied on income in Belgium. The income taxes in Belgium are known as the real property tax, the movable capital tax, the professional tax, the national crisis contribution, and the complementary personal tax. They are all income taxes.

After listing the taxes to be covered and providing a number of definitions, the agreement proceeds to provide that a Belgian enterprise will only be taxed in Canada, with respect to industrial or commercial profits, to the extent that these are attributable to its permanent establishment in Canada. The same ruling applies reciprocally with respect to the industrial and commercial profits of Canadian enterprise in Belgium. Each country is given the right to correct accounts where associated companies or persons of the two countries deal with each other on terms different than would have been the case between independent companies or persons.

The agreement confirms the right of Canada to withhold a tax of 15 per cent at the source on dividends, interest, royalties, and rents arising in Canada and paid to a resident of Belgium. It also provides that this rate shall be reduced to 5 per cent on dividends paid by a subsidiary company in Canada to a parent company in Belgium which owns at least 50 per cent of the shares of the Canadian subsidiary company. This is in contrast to the general law of Canada which provides that in order to be entitled to this reduced 5 per cent rate all the shares of the Canadian company must be owned by the non-resident company. The provision found in this agreement covering this reduced rate on dividends where there is more than 50 per cent ownership is similar to the present agreement between Canada and the United States of America.

Hon. Mr. Connolly (Ottawa West): I wonder if the honourable gentleman is right in that statement. I thought that under the present Canadian law the withholding tax is 5 per cent when it is paid by a Canadian subsidiary to an American parent or to a foreign parent when 51 percent of the shares are owned by the foreign parent.

Hon. Mr. Aseltine: The information I received from the officials of the department is as I have given it, but I shall look into the matter and I may obtain more information on that point. I have here a summary of all of the articles in the agreement, a quite extensive and complicated summary, which I hope I shall not have to go into in detail today.

Hon. Calvert C. Pratt: I think the information may be found in article VI of the agreement in the bill.

Hon. Mr. Connolly (Ottawa West): I should say to the honourable leader that I apologize for interrupting like this, but sometimes it facilitates consideration of a bill to have questions answered as we go along, particularly on a Thursday afternoon, when perhaps we are not so rushed as usual. Now, my memory may be at fault, and it may be that I am thinking of one of the earlier agreements in which the 5 per cent rule applies, but it does seem to me that within the last year or so an amendment was made to the income tax act whereby as between parent and subsidiary the witholding tax was 5 per cent.

Hon. Mr. Aseltine: I refer my honourable friend to article VI, paragraph 2, which deals with that point. It reads as follows:

When, during the whole of the taxation year of a company resident in Canada, more than 50% of the shares having voting rights under all circumstances belong to a company resident in Belgium or

to a group comprising the said company and a maximum of three other companies resident in Belgium of which each owns at least 10 per cent of the said shares, the rate of Canadian tax will be reduced to 5 per cent with respect to the dividends paid in that year by the Canadian company to the Belgian companies.

I understand there is a provision similar to that in the treaty with the United States of America.

Hon. Mr. Connolly (Ottawa West): Yes, I think so. I think it is also in the Canadian Income Tax Act, but I may be wrong.

Hon. Mr. Aseltine: Later on we shall be able to get that information.

This convention which we hope to ratify also provides that profits from the operation of ships and aircraft shall be taxed only in the country of residence notwithstanding the fact that part of the profits might arise in the other country. That applies to the sale of tickets also. It also says that the income of a teacher or business apprentice from one of the countries who is present in the other for a limited period will be free of tax in the country where he is temporarily residing.

Hon. Mr. Connolly (Ottawa West): Will the honourable gentleman say for how long a period?

Hon. Mr. Aseltine: For 180 days, I believe. That is for the purpose of fostering cultural interest between the two countries.

Honourable senators, as I have mentioned, the agreement provides for the avoidance of double taxation by tax credits or their equivalent. Belgium has no tax credit provision in its law comparable to that found in Canada, and so this agreement provides a method by which tax imposed by Canada is to be taken into account when computing tax on a resident of Belgium who is in receipt of income from Canadian sources.

All the other provisions of the agreement are very similar to those that are found in the tax agreements that I have mentioned with other countries and will be familiar to honourable members of the Senate.

Hon. Mr. Lambert: Has the honourable leader any information that would indicate a comparison of the interests of Canada in Belgium with the interests of Belgium in Canada which would naturally be affected by this convention, that is, in terms of volume of business? For instance, there comes to my mind that very enterprising and extensive industry of which we see evidence along the highways these days—gasoline filling stations —and I am wondering if this convention could in any way be equated as regards the benefits that accrue to each country. In other words, is there any measure of equality? If there is, might it be described as we sometimes hear an agreement described, namely, as a "one horse one rabbit" sort of arrangement? I think Belgian investments in Canada probably exceed those of Canada in Belgium, and if that is so the equation would possibly be to our disadvantage to a certain extent. It would be interesting at any rate to have some information on that point.

Hon. Mr. Aseltine: I would have to give that information on third reading, unless the bill is referred to a committee, in which event the officials of the department will be there to answer any of these questions on matters with which I am not familiar.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I would like to say just a few words in connection with this bill and the treaty which is attached to it as a schedule.

I do think that the general principle embodied in this measure is a particularly good type of legislation to have in this country. For many years to come—for many generations to come, I hope—we shall continue to have natural resources and other resources to be exploited, and much of the capital for the enterprises will, I am afraid, have to come from abroad. Perhaps I should not say that I am afraid of this, for I think it is a good thing to have capital from various countries invested in various enterprises in this country. Canada is basically a country which must depend for its continued prosperity upon expansion of its trade and development of markets abroad, and the more that we interest foreign capital in opportunities for investment here, the more solid will be our future trading relations. For a number of years, and particularly since the end of the last war, the tendency has been to enter into conventions like this between Canada and the other great trading nations of the world, and I hope the trend will continue, because if it does it will make investment in Canada more attractive for foreign capital; and the confidence of foreign investors in Canada will encourage Canadians to invest their own savings in the development of our resources.

The questions that I was asking the honourable leader—and I again apologize for interrupting a speech which, as it deals with a technical subject, is perhaps difficult to make—were of the type usually raised on the consideration of a convention of this kind. I do not think it is necessary to send this bill to a committee. Perhaps the honourable leader can get some of the answers from the Income Tax division of the National Revenue Department or from the Department

of External Affairs, and so far as I am concerned if he gives those answers on third reading I shall be completely happy.

Hon. Mr. Aseltine: Honourable senators, referring to Article IX, in reply to a question by the honourable senator from Ottawa West (Hon. Mr. Connolly) I stated that the period during which a teacher or business apprentice would be free of tax in the country where he is temporarily residing is 180 days. The correct number of days is 183. It means that an individual from Belgium may perform services in Canada free from Canadian income tax provided his stay in Canada does not exceed 183 days in a year, that his income is received from a person resident in Belgium, and does not exceed $3,000. The same rule applies reciprocally to a Canadian who is in Belgium for a temporary stay.

Hon. Arthur W. Roebuck: Honourable senators, I have a word to say in connection with this matter, though not in regard to the substance of the agreement. I am very glad to see a concord established between the Dominion of Canada and Belgium and any of the other countries with which we do business. That is a fine thing. But my objection—and I have made it many times before—is with respect to the method by which the agreement is carried out. It is said that the constant dropping of water will in time wear away even a stone; so I am keeping drops of water, as it were, falling on these bills which come before us, in the hope that at some time the thought I have tried to express on so many occasions will leak through to the minds of people who have to do with these conventions and that ultimately such measures will come to us in proper form. In former years the executive could make any agreement that it saw fit to make with a foreign country, but if implementation of the agreement required a change of law the executive had to ask Parliament to have the law amended. That is what used to be done in Britain many years ago and, later, in Canada. My submission is that that is what should be done today.

The executive, the officials of the department, acting on behalf of the Crown, have a perfect right to enter into an agreement of this kind with a foreign state, but when that agreement requires a change in the law of Canada they should come here with the law involving the change, and ask us to pass it. To bring an agreement before us couched in words so very different from the usual phraseology of statutes, and ask us in a sweeping move to make it the law of Canada, is incongruous and is wrong in principle.

This agreement should be handled by way of an understanding between the two departments. But when the legislature is asked to make different rules as between the Crown and the citizen, that should not be done by way of an agreement between other parties; that should be put in the ordinary statutory form, to provide that a person under certain conditions will pay so much, and in other conditions he will be exempt, and so forth. That person is not interested in the motive of the law, the motive being the agreement. That is between Canada and Belgium and has nothing to do with him. But what he pays is a matter between himself and the Crown of Canada. So if this applies only to income taxes it should be by way of an amendment to the income tax law, changing that law sufficiently to carry out the terms of the agreement. Perhaps there should be a chapter in the Income Tax Act specifying the changes that are required to carry out this particular law.

What we are asked to do now, and what we have done for several years past, is to throw a series of these complicated agreements at people who are interested in a particular phase and ask them to read a lot of stuff in which they are not interested at all in order to find out what their rights and obligations may be. It is the wrong way of doing it. I have no objection to the purpose of a concord in this matter between ourselves and Belgium, but once again I point out that this is not the way in which it should be done.

Observe, honourable senators, that in this agreement there are no less than 20 articles, expressed in the complicated language of an agreement rather than in the usual language of a statute; and the citizen of Canada who is concerned must wade through all this material to find out what his rights and obligations may be with regard to payment of his taxes. We should not cumber up our statutes with hay of this kind, when the matter could be stated in legal form in a few paragraphs.

So once again I protest, as I intend to do every time this kind of legislation is brought before the house; and once again I voice the hope that some day a little common sense will leak through to the minds of those who bring this kind of legislation before us.

Motion agreed to and bill read second time.

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

Hon. Mr. Aseltine: Tuesday next.

CANADA-BELGIAN CONGO INCOME TAX CONVENTION BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill 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: Honourable senators, this is a sister bill to the one to which we have just given second reading. The purpose of this bill is to give legal effect in Canada to the agreement between Canada and Belgium extending to the Belgian Congo and the Territory of Ruanda-Urundi, which is held under trusteeship, the agreement between Canada and Belgium which we have just been discussing under Bill C-28.

May I say, honourable senators, that the usual procedure is that a treaty of this kind will be extended to cover the colonies of an agreeing country merely by an exchange of notes. However, the Belgian Constitution is such that it does not allow this to be done, and the Belgian representatives made it clear at the time of negotiations that there must be a separate treaty for the Congo.

The substance of both agreements is the same, but to extend the Canadian-Belgian convention it is necessary to replace certain provisions contained therein with new provisions which are applicable to the taxes imposed by the Belgian Congo and Ruanda-Urundi. The explanation of these amendments is briefly as follows:

Article I to the agreement attached to Bill C-29 contains specific reference to the respective taxes to which the extended convention applies. In Canada it applies to income taxes, including surtax, and in the Belgian Congo and Ruanda-Urundi it applies to the taxes on rental income, movable capital tax, professional tax, complementary tax, all of which taxes are now imposed by the Belgian Congo and Ruanda-Urundi and are in the nature of income tax. It also provides that the extended convention will apply to any substantially similar tax that may be imposed by either Government during the time the convention is enforced.

Hon. Mr. Connolly (Ottawa West): Does the honourable gentleman know if those taxes in the Belgian Congo and Ruanda-Urundi, as provided in article I(b), are the only taxes by way of income tax that are imposed in those two territories? In other words, are these the only tax measures in the two territories that would tax income as it is understood in Canada?

Hon. Mr. Aseltine: That is the way I read article I, section 1, subsection (b).

Article II merely amends certain of the subparagraphs contained in article II of the Canada-Belgium Convention, which is a general definition article, to make certain that the definitions contained therein will apply to the Belgian Congo and Ruanda-Urundi.

Articles VI, IX and XII are required in order to delete any references to "Belgium" or "Belgian tax" and replace them by references to "Belgian Congo and Ruanda-Urundi" and to "Congolese tax" respectively. The Congolese tax is referred to in section 1(b) to which I made reference a moment ago. Article XIX sets out the requirements necessary to determine the convention.

Hon. John J. Connolly (Ottawa West): Honourable senators, the honourable Leader of the Government (Hon. Mr. Aseltine) and I seem to be participating in a private debate this afternoon. I do think, though, that a little more attention might be given by the chamber to the remarks that were made on the previous bill by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck). As he said, this is not the first time he has raised certain points in connection with measures of this kind.

I believe all honourable senators will agree that simplification of statute law, particularly of tax statutes, is something that this chamber can do effective work on and, in fact, has done effective work on. The Income War Tax Act was revised on the initiative of members of this chamber, including the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) and the honourable gentleman from Toronto (Hon. Mr. Campbell), and the benefit conferred upon the people of Canada by the revision and simplification of that act was most commendable.

At the annual meeting of the Tax Foundation, held a little earlier this year, the executive director, who is very competent in this field, said that the time was fast approaching when the Income Tax Act would again have to be revised in the interests of simplicity and clarity. I do not want to engage in a discussion on that broad problem, but I do think that a Senate committee could spend one or two sessions in considering the problem raised by the honourable gentleman from Toronto-Trinity, with a view to recommending to the appropriate Government authorities that some changes be made either in the method whereby these tax agreements are negotiated or in the way in which they are enacted into law by Parliament. A person with business interests in, say, the United States, Belgium, Ireland, or Britain, has to

wade through a great deal of material before he knows his rights under the various tax agreements. I do not suppose too many officials in the Income Tax Branch could give a ready answer to these questions, for probably not many taxpayers come within the ambit of some of these treaties. I do not imply the treaties are unimportant, for I believe they are extremely important, but perhaps there is an opportunity here for a brief Senate committee inquiry to come up with a recommendation that would go far towards simplifying the tax law in this country, particularly in respect of these treaties.

Motion agreed to and bill read second time.

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

Hon. Mr. Aseltine: Tuesday next.

PRIVATE BILL

STANMOUNT PIPE LINE COMPANY— SECOND READING

Hon. Gunnar S. Thorvaldson moved the second reading of Bill S-14, respecting Stanmount Pipe Line Company.

He said: Honourable senators, the Stanmount Pipe Line Company was incorporated by chapter 78 of the Statutes of Canada, 1955. The object of this bill is to amend that act of incorporation in two particulars. Section 5 of the original act of incorporation reads as follows:

> The company shall have all the powers, privileges and immunities conferred by and be subject to all the limitations, liabilities and provisions of the Pipe Line Act and any other general legislation relating to pipe lines for the transportation of oil or any liquid product or by-product thereof which is enacted by Parliament.

The object of the first amendment is to include natural gas in section 5 of the act. In other words, it will give the company power to transport natural gas, in the same way as it has the power to transport oil under the original act.

Section 6 of the act limits the operation of the company to the provinces of Ontario, Manitoba, Saskatchewan, and outside of Canada. The purpose of the proposed second amendment is to remove the territorial limitation contained in the original act and to empower the company to construct pipe lines throughout Canada and also without Canada. So, honourable senators, the objects of this bill are comparatively simple.

Hon. Mr. Lambert: May I ask the honourable gentleman if this company, which was incorporated in 1955, is in operation in any way?

Hon. Mr. Thorvaldson: No, this company is not in operation in any way.

I will give very briefly the background of this company. It was incorporated by the incorporators whose names are in the original act in 1955. These incorporators intended to build a pipe line which would originate south of the Canada-United States border in either Montana or North Dakota and then go through Saskatchewan, into Manitoba, and there connect up with the Interprovincial Pipe Line Company's pipe line in Manitoba, or close to the border of Ontario, at which point it was proposed to transport oil into the United States, namely, into the Minnesota area. In other words, the original incorporators of the act intended to take oil from Montana through parts of Canada, that is, Saskatchewan and Manitoba, and then re-ship it into the United States. It was found by these incorporators that such a project was not feasible. As a result, the shares of the company were acquired by Imperial Oil Limited, which is now the owner of all the shares of Stanmount Pipe Line Company.

As I remarked in reply to the honourable senior senator from Ottawa (Hon. Mr. Lambert), this company is not operating at the present time. However, it is desirable, for reasons which I will indicate, firstly, to amend the act to include gas as well as oil, and also to remove the territorial limitation contained in the act. First, in regard to gas: As is well known, gas fields are generally found close to oil fields, and also gas is frequently found in association with oil. That is one reason why the company desires to have the power to transport gas as well as oil. Another factor, of course, is that in 1955, when the original act was enacted, gas did not assume as great importance commercially in Canada as it does now. That is another reason for the desire to have the act include transport of gas as well as of oil.

In regard to the matter of present territorial restrictions contained in the act of incorporation, the situation with respect to Imperial Oil Company is substantially as follows. Recently, for instance, an oil field was discovered a few miles west of the Alberta boundary in British Columbia, and it is thought likely there is an oil field in Alberta just about ten miles east of the British Columbia-Alberta border, and a short distance from this field in British Columbia. The company may want to connect these two adjoining or adjacent fields by a pipe line, and because such pipe line would cross a provincial boundary they cannot do so unless the territorial restriction at present in the act is removed.

Another reason for asking for this amendment is that very recently Imperial Oil Limited drilled a deep well in the province of Prince Edward Island, which well was, however, dry. But a second well is being drilled, and if that well is successful the company may for instance, want to build a pipe line from Prince Edward Island to its refinery in Halifax. Also the company has recently drilled five wells, unsuccessfully as it happens, in the province of Quebec, but exploration continues in that province, and if it is successful there the company may want to build a pipe line in that province to connect with a refinery in another province.

Honourable senators, these are briefly some of the reasons why the owners of this company now desire to have its act of incorporation amended as indicated in this bill.

Hon. Mr. Wall: May I ask the honourable senator one question? Does the present owner of Stanmount Pipe Line Company, that is, Imperial Oil, own any other pipe line?

Hon. Mr. Thorvaldson: Yes. Imperial Oil Company owns Imperial Pipe Lines Limited, but I believe the business of that company is to build what we call gathering systems. In general, such are not interprovincial in nature; that is, they do not have to be connected up across provincial boundaries. But as is well known, any company that requires to traverse provincial boundaries must be incorporated under Canadian statute.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Thorvaldson, bill referred to Standing Committee on Transport and Communications.

PRAIRIE GRAIN ADVANCE PAYMENTS BILL

SECOND READING

Hon. Arthur M. Pearson moved the second reading of Bill C-31, to amend the Prairie Grain Advance Payments Act.

He said: Honourable senators, Bill C-31 is an act to amend the Prairie Grain Advance Payments Act. It will be remembered that the act was brought into existence on November 7, 1957. Under that act farmers could obtain cash advances on farm stored grain up to six bushels per specified or seeded acre. They could obtain this loan at the rate of 50 cents a bushel for wheat, 20 cents a bushel for oats, or 35 cents a bushel for barley. This act, apparently, has worked out fairly successfully in the western provinces. There was a total of some $35,203,217 advanced last winter and this spring to the farmers, and on July 18 of this year $32,703,788, or 92.9 per cent, had been repaid.

The present delivery quotas at the 2,071 delivery points in western Canada are as follows: at 1,016 delivery points, 6 bushels per acre; at 1,023 delivery points, 7 bushels per acre; and 32 delivery points are closed, indicating that they received a full quota.

The purpose of the bill before us is to make some amendments to the original act. First, as the act now stands, a farmer delivering malting barley cannot receive an advance on his farm-stored wheat; second, a farmer wanting to deliver wheat to an elevator with the idea of changing it for seed grain is not allowed to do so because that grain has to be applied to a reduction of his cash advance. That does not allow the farmer to exchange any grain for seed grain. These two conditions are being rectified by the amendments in this bill.

The third major amendment will provide for consolidation of cash advances. This means that if at the end of the crop year, which is July 31, a farmer through circumstances beyond his own control or for any other reason is not able to pay off his cash advance, then the unpaid balance can be carried forward in his new quota book and be consolidated with a new advance. He will thus be able to obtain a full new advance in the next crop year based on his specified acreage and the type of grain he is selling, and that advance will be consolidated in his new quota book and the whole amount treated as one advance.

Now, to run through the bill itself:

Subsection (1) of section 2 of the act is amended by adding thereto the following paragraph:

(ea) "general acreage quota" means any permission given by the Board to deliver grain, either under a permit book or otherwise, expressed in terms of a number of bushels per specified or seeded acre.

This new definition is required for the purposes of the amendment to subsection (2) of section 7.

Paragraph (c) of subsection (1) of section 4 of the act is repealed and the following is substituted therefor:

(c) The number of the permit book under which he is entitled to deliver grain;

The requirement in the present act that the application show a description of the land is being deleted since the applicant's permit book will give that information.

Subparagraphs (i) and (ii) of paragraph (f) of subsection (1) of section 4 of the said act are repealed and the following substituted therefor:

(i) under general acreage quotas
(ii) under his unit quota, and
(iii) by deliveries other than under general acreage quotas and under his unit quota;

That means that the farmer can deliver malting barley which will not be considered under his general acreage quota.

Paragraph (a) of subsection (1) of section 5 of the said act is repealed and the following substituted therefor:

(a) as soon as any quota or other permission given by the Board enables him to do so, he will, in addition to any deliveries made under a unit quota and any deliveries described in subsection (1a) of section 11, deliver grain to the Board until one-half of the initial payment therefor is equal to the advance payment made to him,

The purpose of the amendment is to add a further exemption of deliveries in exchange of seed grain. In other words, on delivering 200 bushels of wheat a farmer can take out 200 bushels of seed grain in exchange. This does not affect the amount of his cash advance at that time.

Subsection (2) of section 7 of the said act is repealed and the following substituted therefor:

(2) The quantity of grain in respect of which an advance payment may be made to a producer shall not exceed the quantity that would be deliverable under the applicant's current permit book on a quota of six bushels per specified acre minus the quantity of grain delivered to the board under general acreage quotas by the applicant prior to his application and during the crop year in which the application is made.

The purpose of this amendment is to deduct from the six bushel per specified acre entitlement only those past deliveries that have been made under general acreage quotas.

Section 8 of the act is amended by adding thereto the following subsections:

(2) Where an advance payment is made to a producer and the permit book described in his application bears an endorsement for an advance payment received by him in a previous crop year in respect of which he has not fully discharged his undertaking but is not in default, that endorsement shall be amended by adding thereto endorsement shall be amended by adding thereto the amount of the new advance payment.

(3) Where endorsements are consolidated as described in subsection (2), the board shall apply moneys which it receives in respect of the undertakings of the recipient towards the discharge of such undertakings in the order in which they were given.

In other words, at the end of the crop year if he has not been able to discharge his advance under the previous crop year then the money that remains unpaid will be charged in his new quota book and will be deducted in the usual way in the new crop year.

Hon. Mr. Crerar: If a farmer is unable to discharge the advance he has received, I assume it would be only because he was unable to deliver his grain. Is that actually the case today?

Hon. Mr. Pearson: That is the case.

Hon. Mr. Crerar: My understanding is that the whole country is now on at least a six-bushel quota and that in some districts it is even higher.

Hon. Mr. Pearson: That is so. When there is a six-bushel quota in a district and elevator space is available, the farmer is entitled to deliver that six-bushel quota and to discharge his advance payment. But there is a possibility that even though there is a six-bushel quota at some points there might be such a rush of delivery of grain by farmers trying to get in that one farmer may not be able to get his grain in at that time. In those circumstances, even though the quota is there, the fact that he cannot get his grain into the elevator is beyond his control, and that is the only reason why he is allowed to have the payment carried over to the new crop year.

Hon. Mr. Wall: May I ask a consequential question to that one? Who is to be the judge of whether a farmer is or is not able to deliver his grain? Who is the final authority?

Hon. Mr. Pearson: There is a certain camaraderie or understanding between the farmer and the agent of the elevator to which he delivers his grain; they understand each other fairly well. Nobody is going to do anything except the elevator agent, who will see that the farmer's quota book is kept up. It is not really a responsibility, but the elevator agent will look to the farmer to clear the matter up.

Hon. Mr. McDonald: Would the honourable senator permit another question? How much money has been advanced under this legislation at the present time, and how much is outstanding.

Hon. Mr. Pearson: I think I gave those figures: the total amount advanced for the three Prairie provinces was $35,203,217, of which $32,703,788 or 92.9 per cent has been refunded.

Hon. Mr. McDonald: Would the honourable senator tell us how that amount is divided among the three provinces?

Hon. Mr. Pearson: The figures which I have given are as of July 18; the figures I am now about to give are as of July 11. There was not quite as much refunded as of July 11, which was one week earlier. The figures are: for Manitoba, 11,724 producers made application for loans; total amount advanced, $7,112,441, of which they have refunded $6,655,993 or 93.5 per cent. For Saskatchewan 28,792 producers made applications for loans, total amount advanced, $21,822,114; paid back, $20,156,022 or 92.3 per cent. For Alberta, 9,895 producers made

application for loans; total amount advanced $6,268,662; total amount refunded $5,282,423 or 84.2 per cent.

Hon. Mr. Wall: May I ask this question? How does the experience of the payment of $35 million of advances to farmers on farm stored grain compare with the original estimate of the Government when the legislation was first introduced?

Hon. Mr. Pearson: Roughly speaking, honourable senators, I believe it is about one-third of the amount that it was felt the farmers would use by way of cash advances.

Hon. Mr. Wall: One more question: how does the net cost to the national treasury—which is the net help by the Government to the farmer—compare with the storage payments which, as I recall, amounted to some $30 million-odd paid for storage over and above 170 million bushels?

Hon. Mr. Pearson: I am afraid I cannot answer that question, as I do not have the figures before me. I may say that the only actual loss the Government would suffer under this legislation is the interest on $35 million, which the treasury has agreed to absorb.

Hon. Mr. Crerar: That was loaned free of interest, was it?

Hon. Mr. Pearson: Yes.

Hon. Mr. Lambert: May I ask the honourable senator if the amount repaid during the past year under the Prairie Grain Advance Payments Act was more or less than the amount under the previous act when arrangements were made for the farmer to borrow from the bank with Government guarantee? I think the honourable junior senator from Winnipeg (Hon. Mr. Wall) asked a similar question, but I did not catch the reply.

Hon. Mr. Pearson: The answer I gave a few moments ago was that the amount under the present system was about one-third of what the Government thought the farmers would ask for by way of cash advance payments. As to how it compares with the payments under the previous arrangement, I do not have that information.

Hon. Mr. Lambert: May I mention this one further point, though perhaps it is not significant? Owing to conditions existing during the past year, when the accumulation of grain in farmers' hands has been large, I assume more money would be lent under this legislation than under the previous legislation. My point is, the situation must have improved a great deal in relation to the amount of grain held in the farmers' hands and in storage. I should know those amounts, because I follow the weekly reports carefully. But owing to the fact that crop prospects have not been good there has been a bigger delivery of grain from the country to the elevators, and therefore the amount that is in storage and still in the farmers' hands must be much less than a year ago. In other words, the financial prospects in connection with the administration of this legislation have improved. Am I right in assuming that?

Hon. Mr. Pearson: There has been a greater delivery of grain in the western provinces; in fact, there are more stations with six- and seven-bushel quotas than there were in the last year or the year before that. But that situation is not due to crop failure; it is due to the greater marketings of grain overseas. We have got rid of more of our surplus grain at this end of the line this year than we did the previous year.

Hon. Mr Lambert: Would you say that at the end of this month, which is the end of the crop year, the annual carry-over would be much less this year than it has been for several years?

Hon. Mr. Pearson: From my experience, honourable senators, and from inquiries made this past week in western Canada, seven-bushel quotas have cleaned out most of the grain in those areas.

Hon. Mr. Lambert: That is in the farmers' hands?

Hon. Mr. Pearson: I think the situation is the same throughout most of the west; there is very little surplus grain in the hands of the farmers.

Hon. Mr. Aseltine: You did not get as far as Rosetown.

Hon. Mr. Pearson: I was not speaking for my honourable leader (Hon. Mr. Aseltine).

Hon. Mr. Aseltine: But I agree that what the sponsor of the bill has said is true in many districts.

Hon. Mr. McDonald: Do I understand there are no surplus grains on western farms now?

Hon. Mr. Pearson: There is no surplus at a great many points. One place was cleaned out because of a hail storm.

Hon. Mr. McDonald: To what extent has surplus grain been cleared out?

Hon. Mr. Pearson: I could not answer that question.

Hon. Mr. McDonald: Would it be a large proportion?

Hon. Mr. Pearson: My information is that there is little surplus left.

Hon. Mr. McDonald: In all three provinces?

Hon. Mr. Pearson: In all three provinces. I do not state that as a definite fact, however.

Hon. Mr. McDonald: Could the honourable gentleman give us any reason why there was not a greater demand for advance payments to help the farmers?

Hon. Mr. Pearson: For one thing, the act was passed rather late and the farmers had already made arrangements with their creditors, so there was no need for them to go to the elevators and get advances. Another thing, it is a new act and farmers generally are a little cautious and want to find out how a thing will work out with somebody else before they will try it themselves. At some points there wasn't one advance payment taken even as late as the end of December.

Hon. Mr. McDonald: I take it that considerable money was drawn from the banks before this legislation was passed.

Hon. Mr. Pearson: I would not know.

Section 6 of the bill provides:

Section 11 of the said act is amended by adding thereto, immediately after subsection (1) thereof, the following subsection:

"(1a) Notwithstanding subsection (1), no deduction shall be made in respect of grain delivered by a producer under any permission given by the board authorizing delivery of grain in order to obtain seed."

In other words, the producer can deliver his grain and pick up seed at the elevator.

Section 7 of the bill provides:

Section 23 of the said act is repealed and the following substituted therefor:

"23. Notwithstanding section 11 of the Prairie Farm Assistance Act, no levy under that act shall be deducted from an advance payment, but for the purposes of that act there shall be deducted from that portion of the initial payment payable to the recipient at the time of sale and delivery of grain to the board a levy of two per cent of that portion of the initial payment until the recipient has discharged his undertaking under this act."

That just clarifies the meaning of the section.

Hon. T. A. Crerar: Honourable senators, my comments on this bill will not be extensive. I think we all know the history of these free cash advances to farmers who have grain on their farms, the advances being interest free and to be repaid when the farmers deliver their grain. That was one of the strong arguments made by the present Prime Minister prior to the election in 1957. It was the argument advanced by his party in the House of Commons in opposition to the method adopted by the previous Government, which was to provide cash advances through the banks in the normal banking procedure, and upon which the farmers paid interest. I believe there was, if memory serves me right, a provision for guarantee to the banks against an overall loss beyond a certain small percentage.

I have never been able to persuade myself that the plight of the Prairie farmers has been nearly so serious as many people have maintained, and particularly a certain school of thought on the western prairies which would have you believe the farmers in that part of Canada are on the very edge of complete failure.

One good test of how farmers get along financially is how they pay their taxes at the end of each year. The honourable gentleman who introduced the bill (Hon. Mr. Pearson) nods his head to this statement. From long observation, particularly in western Canada, my conclusion has been that if a farmer is pinched for cash his taxes are usually one of the last things he pays, for he knows that he can carry on for a few years without being in serious trouble. Hope always springs eternal that the tide will turn and if he cannot pay his taxes one year he hopes he will be able to pay them next year. The test as to how taxes are paid in rural municipalities is a pretty fair one.

Last February I inquired at the Department of Municipal Affairs in the provincial Government at Winnipeg for information as to what percentage of the 1957 tax levy in rural Manitoba municipalities was paid at the end of December. It is at the end of December that penalties usually commence to apply. I am bound to say that I was somewhat surprised when I was given almost immediately information to the effect that the portion paid at the end of December, 1957, was 99.81 per cent of that year's levy, which is almost a complete slate.

Well, that excited my curiosity, and I wrote to the Municipal Affairs Departments of the provinces of Saskatchewan and Alberta. Shortly afterwards I received a reply from the province of Alberta that their rural taxes at the end of December on the same basis —that is, the levy for 1957—were over 99 per cent paid. The reply I received from the province of Saskatchewan was that they did not care to give out information until they had the auditors' returns from the municipalities. But I will venture the assertion that if and when this information is available it will probably be very close to the experience of Manitoba and Alberta.

Now, I am old-fashioned enough to think that it is a bad principle to encourage people to expect they can get something for nothing, and I still hold that it was a mistake, an unfortunate mistake, that this system of free cash advances on farm grain in western Canada was brought into effect. It was not

necessary, except perhaps to create a favourable attitude of mind on a certain event that took place that year; but on general principles it is unsound, because it is not only unfair to the taxpayers but very often it has an unfortunate effect upon the recipients.

I quite understand that the honourable senator who is sponsoring this bill (Hon. Mr. Pearson) is not in a position to give the house information as to what the cost of these interest-free advances will be. Actually, they are interest-free advances to the farmers, but they are not interest-free advances so far as the taxpayers of this country are concerned. The Treasury has to find the money, and interest has to be paid to some people, either to those who subscribe for Government bonds or to the banks from which the Government may borrow the money to make the advances. I would assume as a fair guess that the cost to the Treasury might run into several hundreds of thousands of dollars. Some day we shall get the information, but I am quite aware of the fact that we cannot get it now. It will have to be borne in mind, however, that whether it is $200,000 or $300,000, it is the taxpayers of the country who pay it. I grew up on a western farm, and all my interest is in western farming, but I do feel it is not a sound practice to encourage this sort of thing.

Honourable senators, if we are to have this legislation, I think the amendments proposed here are in order. It is rather gratifying to know that of the $35 million total advanced, $32 million has been repaid, leaving roughly $3 million still outstanding.

I rather detect in the measure the effort to make this practice even more popular with the farmers. I do not like section 5 of the bill, which amends section 8, whereby a farmer who has received an advance and has not been able to liquidate it can carry it forward to another year and presumably get a new advance on top of it. I suggest to the house that is not a very wise provision.

I sometimes think—perhaps it is because I am out of date—that Parliament is becoming very indifferent—I was almost going to say "loose"—in its methods of handling public money. There is one fact that we should not forget—at least, one that I cannot forget—namely, that the interests of the taxpayers of this country are of paramount importance; and when we fling money around easily, when we advance money for this and that and promise it for the next thing, in the end the taxpayers have to pay it. We are not true to our responsibility to the taxpayers unless we exercise the greatest possible care in the spending of the money they give us. That principle is cardinal, and it may well be that upon the ability of Parliament to do this successfully will depend in large measure the degree of political unrest we may have in this country in future years. We do not solve political unrest by handouts—it is impossible to do it. Our debt is increasing. Demands upon the federal Government to spend money are made everywhere. Only this morning the mayors and municipalities were represented at our Committee on Finance and were asking for federal aid to service their municipalities. The universities—and I am not criticizing them—are asking for dormitory accommodation to be provided for university students. Requests are increasing in number. It seems to me that we are always spending more and more money. I just wish to suggest to the house once more that the matter of exercising the greatest possible care in the dispensing of public money should at all times receive the most earnest consideration of this house.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Thorvaldson: Honourable senators, unless any honourable senator wishes this bill to be referred to a committee, I would suggest that the bill be given third reading at the next sitting.

Hon. Mr. Crerar: Honourable senators, I do not wish to delay the bill, but I think it should be referred to the Banking and Commerce Committee. There is no great rush to get it through, and it may be that some honourable senators would like to get certain information beyond that which the sponsor of the bill has been able to give.

On motion of Hon. Mr. Pearson, bill referred to Standing Committee on Banking and Commerce.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, my information, such as it is, is to the effect that the bill in connection with the resumption of the British Columbia Coast Steamship Service will not be received in this house tonight.

INTER-PARLIAMENTARY UNION CONFERENCE

The Hon. the Speaker: Honourable senators, before the motion for adjournment is put I think I should advise honourable senators that the Government of Canada in its

good judgment has decided to send two observers to the Inter-Parliamentary Union Conference at Rio de Janeiro, and I was instrumental in appointing the honourable senator from Stadacona (Hon. Mr. Dessureault) as one of them. He has already left for Rio de Janeiro, accompanied by his wife. I imagine that after his return he will be pleased to report on the activities of this conference, which began this morning and will end on the 1st of August.

The member delegated by the House of Commons to represent that house at the conference is Mr. Ernest James Broome, M.P. for Vancouver South.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, July 25, 1958

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

Prayers.

BRITISH COLUMBIA COAST STEAMSHIP SERVICE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-42, to provide for the resumption of the British Columbia Coast Steamship Service operated by the Canadian Pacific Railway Company.

Bill read first time.

SECOND READING

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

Hon. Mr. Aseltine: Honourable senators, I move, seconded by the Honourable Senator Quinn, that this bill be read the second time now.

Honourable senators, this is a very important measure and I will try to deal with it as fully and as expeditiously as possible. Honourable senators are no doubt aware that this bill provides for the resumption of coastal steamship service by the Canadian Pacific Railway Company in the province of British Columbia. The service, which has been operating for many years, consisted of eight ships which carried passengers. There were also a car ferry and other services from Vancouver to Victoria, and up the coast in a northwesterly direction from the city of Vancouver. As honourable senators know, this service has been tied up completely since May 16, 1958, when the employees went on strike. Negotiations have been unsuccessfully carried on between the company and three unions ever since the fall of 1957 for a revision of collective argreements which expired at that time.

These unions are as follows: Seafarers International Union of North America, National Association of Marine Engineers of Canada, Inc., and Canadian Merchant Service Guild, Inc. These unions represented respectively the unlicensed personnel employed in the services, the engineer officers employed in the services, and the masters and deck officers employed in the services. The services and facilities of the Department of Labour and the Minister of Labour have been at the disposal of the parties since the beginning of the dispute.

When all prescribed conciliation proceedings under the Industrial Relations and Disputes Investigation Act were exhausted, Mr. Eric Taylor was appointed an industrial inquiry commissioner to look into the matter of the dispute between the unions and the company and try to arrive at a solution satisfactory to all concerned. Mr. Taylor is an experienced and able mediator, and he spent some six or seven weeks, unsuccessfully, trying to bring the parties together, and finally recommended to the Government that the parties submit their disputes to arbitration. The company and two of the unions agreed to submit their difficulties to arbitration, but the Seafarers International Union absolutely refused to do so. Following that, meetings were held in Ottawa between the Minister and the officers of the Seafarers International Union and the company officials, but in spite of the fact that every effort was made no agreement was reached.

However, in the meantime, shortly after the strike the company concluded a collective agreement with the Brotherhood of Railway and Steamship Clerks, representing stewards and pursers, which comprises more than one half of the employees in this service that I have been speaking about.

This strike, honourable senators, dislocated this steamship service entirely; it greatly inconvenienced the people of British Columbia, particularly the people on the island and the people who lived up the coast; it had an adverse effect on the economy of the province; it resulted in a loss of many millions of dollars to the tourist industry, particularly on Vancouver Island, where all reservations had to be cancelled; and, moreover, the great centennial celebration in British Columbia was materially interfered with.

Black Ball Ferries, operated under provincial jurisdiction, carried on some of the services between the mainland and the island but were only able to partially fulfil the need. This service was also interrupted by a strike and an injunction had to be taken out in the courts of British Columbia, with the result that the services were partially restored, but that matter is still proceeding before the courts of the province of British Columbia.

Every effort made to resolve the disputes by negotiations and have the services restored has failed, thus necessitating the introduction of the legislation now before us.

This bill which I am endeavouring to explain to honourable senators provides:

(a) for the appointment of an administrator by the Governor in Council to carry on the British Columbia Coast Steamship Service of

the Canadian Pacific Railway Company, subject to any instructions he may receive from the Governor in Council. For the purpose of carrying on the service the administrator is the agent of the company.

(b) The administrator is directed to resume the operation of the service which has been tied up by reason of the strike.

(c) Employees who are on strike are required to resume the duties of their employment.

(d) The company and the three unions representing the employees who are on strike are required to resume negotiations and make every reasonable effort to conclude a settlement of the issues in dispute between them and to conclude collective agreements to give effect to these settlements.

(e) The Governor in Council is given authority to make regulations for the continued operation of the service under the direction of the administrator and to establish procedures for effecting a settlement of the disputes, including a provision for the appointment of a board of arbitration, should the parties so request or the Governor in Council reach the conclusion that it is expedient to do this.

In addition to what I have already said, I propose now to go quickly through Bill C-42, copies of which honourable senators no doubt have on their desks. I would first call attention to section 2, the definitions section, which makes clear that the provisions of the bill apply to all three unions and to the collective agreements to which they are parties with the company, and to the employees covered by these agreements.

Section 3 provides for the appointment of an administrator to carry on all or any part of the business of the British Columbia Coast Steamship Service of the Canadian Pacific Railway.

Subsection 2 of that section specifies that the administrator is the agent of the company for the purpose of carrying on the business which he is appointed to administer, but it makes clear that he has authority to administer the business thus entrusted to him subject to the instructions of the Governor in Council, but without any interference on the part of the company. This, I think, is an important provision.

Subsection 1 of section 4 provides for resumption of the shipping operations by the administrator, and requires every employee on strike to resume the duties of his employment on the terms and conditions of employment in the collective agreement which applies to him and which covers his employment with the company. For example, in the case of engineer-officers it would be the agreement between the company and the National Association of Marine Engineers of Canada, Inc., which is described in Schedule B to the bill. That agreement sets out the terms and conditions of employment of the employees at the time they went on strike. These terms and conditions of employment, however, are subject to the amendment specified in subsection 2 of this section. Subsection 2 provides a provisional amendment of the collective agreements which apply to the employment of employees returning to work, by increasing the wage rates specified therein by 8 per cent, effective from the date this legislation comes into force. This is, of course, a provisional increase only; the rates eventually established will be those negotiated by the parties or arrived at by any other method of settlement which may be adopted.

Section 5: the effect of this section is that the company, the employees and the union representing them, will continue to be bound by the collective agreements as amended by section 4(2) until new agreements are concluded between them.

Section 6 requires the company and the unions to renew negotiations and bargain in good faith with a view to reaching a settlement of the issues in dispute and concluding a new collective agreement.

Section 7 confers authority on the Governor in Council to make regulations for the carrying out of the purposes and provisions of the act. Paragraphs (a) and (b) of this section are, in my opinion, self-explanatory. Paragraphs (c) and (d) give authority to the Governor in Council to prescribe appropriate procedures for effecting a settlement between the company and the unions in the event the parties are unable to resolve the matters at issue between them by further negotiations, or as the Governor in Council considers expedient. The authority so conferred includes authority to refer the matters at issue, or any part of them, to arbitration by a board of arbitrators appointed by the Governor in Council.

Section 8 is, in my opinion, self-explanatory.

Section 9 affords protection to employees going back to work against discharge by reason of having gone on strike.

Section 10 requires the officers of the unions which represent the employees to rescind any strike notices or strike authorizations previously given. This is to facilitate the return to work of the striking employees.

That, honourable senators, is briefly an explanation of the reasons for the measure and what it contains. I request the sympathetic consideration of honourable members of this chamber to this bill, so that it

can be assented to and brought into operation as soon as possible. The situation in the province of British Columbia is most serious indeed, and this would appear to be the only method by which the services which have been rendered by the Canadian Pacific Railway Company can be restored for the benefit of the people of that province.

Hon. W. Ross Macdonald: Honourable senators, as the Leader of the Government in this house (Hon. Mr. Aseltine) has said, this is indeed very important legislation; in fact, it is very extraordinary legislation. During his remarks in respect to section 1 he said it was clear that such and such would result from the passage of the bill. With all due respect to him, I think the bill is most confusing in many sections.

In the first instance, the bill purports to force the men to go back to work, but one has to read to the very end of the bill to realize that it is completely compulsory legislation and that the men have to abide by the decision of the three arbitrators. As I say, at first reading one gets the impression that the men will go back to work, and will then be given time to negotiate their agreements. It is not until the very end of the bill that the vital words come in, which require the men to accept the decision of the board of arbitrators.

Honourable senators will note by section 7, paragraph (d), that the first part provides for the appointment of three arbitrators by the Governor in Council and so forth to consider such matters relating to the revision or amendment of an existing collective agreement as the parties thereto may request. But here are the important words. They do not have to consider only such matters as the parties may request, but also "...as the Governor in Council may deem expedient." And as provided in line 13, the Governor in Council has powers for giving effect to any decision which has been arrived at. There is no doubt that this is compulsory legislation, and naturally we will look into it very carefully. I recall it was not so long ago that members of the present Government, when in Opposition, went so far as to say that under no circumstances would they agree to compulsory legislation affecting the unemployed. But almost as soon as they are in power they forget their earlier views and bring in this most drastic legislation. In one instance this bill would appear to confiscate the property of the Canadian Pacific Railway Company. The representative appointed by the Government is, on one hand, the agent of the company; and, on the other hand, he appears to be acting for the Crown. So it is very confusing legislation and I think we should consider it most carefully.

It is interesting to note that this bill was carried unanimously in the other house yesterday. There was not one dissenting voice. We have not much chance of changing the bill when the members of the other house were unanimous in their view, but I will say at the outset that if I thought it were possible to persuade them to change certain provisions of the bill I would do so. I think that would be a pretty hopeless task, however.

As the honourable Leader of the Government has said, the purpose of the bill is to provide for resumption of steamship service between Vancouver and Vancouver Island and to many points along the British Columbia coast. This service is to be resumed under an administrator, who will take over the Canadian Pacific Railway Company's British Columbia Coast Steamship Service and operate its remaining ships.

As we have heard, the strike commenced on May 16, and the honourable Leader of the Government has said in effect that since then there has been only a trickle of traffic and supplies between the British Columbia mainland and Vancouver Island. Before the employees went on strike a conciliation board was appointed, the chairman of which recommended a 25 per cent general increase in pay. The employer's representative recommend a 17 per cent increase and the employees' nominee asked for a 40 to 50 per cent increase, to be spread over a period of two years. Well, the company and the employees could not agree on any percentage, so the strike took place.

The honourable leader has told us that the tourist business in British Columbia has suffered because of the strike. One report that I read disclosed that up to the present time the tourist business has declined to the extent of $200 million, that more than 300,000 tourist reservations had been cancelled, and that approximately 200,000 people living on Vancouver Island and in the districts served by these steamships have been practically cut off from the mainland for all general services. There has been an air service, of course. So, as the honourable leader has said, we are now faced with a very serious problem.

I am informed that about 930 employees will be affected by this legislation. Frankly, I do not know how the figure of 930 is arrived at. That might have been the number of employees when the strike commenced, but, as I will point out later, nobody knows how many will now be affected. In any event, of the 930 employees, my information is that approximately 540 of them, 58 per cent, have since signed work agreements with the company and are anxious to resume

their duties. In other words, nearly 60 per cent of the employees who went on strike want to get back to work on the terms offered by the company, namely, an 8 per cent increase. The remaining employees, who represent about 42 per cent of the workers, have not entered into agreements and the result is they are preventing 58 per cent of the employees from resuming work. It is not a general strike of all employees of the company. The majority want to get back to work but the minority say no, and of course none of them can go back. That is a very important feature of the existing conditions, and perhaps it makes this legislation more necessary than it otherwise would be. In other words, if all the employees had wanted to stay off the job this legislation might have had a different aspect.

If the bill is passed all the employees, the 42 per cent group as well as the 58 per cent group, will be required to return to work at a wage increase of 8 per cent. The administrator will remain in charge until all the agreements have been signed, and I take it this service will then be returned to the Canadian Pacific Railway Company.

As the honourable leader has pointed out, the bill provides that the parties to the dispute can refer any questions not agreed on to an independent board for its decision. And a very important clause, consisting of only a few dozen words, provides that as a last resort the Governor in Council may refer any matter not settled to a board of arbitrators.

When this bill first came to my attention I was somewhat doubtful of the jurisdiction of Parliament to pass it. At first I was under the impression that according to sections 91 and 92 of the British North America Act matters of this type would come within the powers which are assigned exclusively to the provincial Governments. However, after considering the matter a little more carefully I am inclined to think that Parliament does have jurisdiction in the matter. I am not going into the question at great length, because it does not trouble me at the moment, but it might trouble some other honourable senator.

I am sure we all are aware that when British Columbia came into Confederation that province was given an undertaking by the Canadian Government that there would be rail and water service between British Columbia and the other parts of Canada. No doubt that undertaking included service from the east to not only the mainland of British Columbia but to the island of Vancouver. That service has been put into effect. Now we have rail and water services extending from the eastern border of Canada, including Newfoundland and Prince Edward Island, to the western coast and the island of Vancouver.

There was a reference to the Supreme Court of Canada on the validity and applicability of the Industrial Relations and Disputes Investigation Act, and the question of the jurisdiction of the dominion Parliament in matters of this kind was dealt with in (1955) Supreme Court Reports, 544. I am not going to delay the house by reading the report of that hearing, but I think I can safely say that the majority of the court found that Parliament had exclusive legislative jurisdiction in the matter of ships in Canada. It seems to me, therefore, that Parliament has the necessary jurisdiction to pass the bill now before us.

I am somewhat concerned about the great delay that has taken place since this problem came to the attention of the Government. In introducing the bill the honourable leader stated that the strike commenced on May 16. A board of conciliation sat some considerable time before that. The Government knew, therefore, that there was a serious situation in British Columbia. What did the Government do? It appointed Mr. Eric Taylor, a very fine and competent man, to go out there, and it did not take him very long to realize that it was completely hopeless to try to bring these people together.

Honourable senators will recall that on June 11 the honourable senator from Kamloops (Hon. Mr. Smith), speaking on this matter in the Senate, brought forcibly to the attention of the Government the condition existing on the west coast. The Government entirely ignored what he said. The honourable senator referred to conditions existing on Vancouver Island, and to the conciliation which was taking place and the efforts of Mr. Taylor to get the matter settled. I quote the honourable senator's remarks as reported in the first column on page 159 of the Senate *Hansard* of June 11:

> Everything was going just fine and dandy in connection with the big Centennial holiday year until 350 employees of the C.P.R. Steamships—members of the Seafarers International Union—went out on strike on Friday night, May 16. As a result of this strike the 10 C.P.R. boats are lying idle in harbour at Vancouver, Victoria and Nanaimo. On May 27 the federal Government announced the appointment of Eric G. Taylor, of Toronto, as a mediator who was to make an effort to get the strike settled. However, Mr. Taylor returned to eastern Canada last week without having accomplished anything. Needless to say, the people of British Columbia, who were hopeful and patient, are feeling very discouraged over the outcome, and particularly so because of indications that this strike may drift into a long-drawn-out battle. This strike is approaching the end of the fourth week—the day after tomorrow, to be exact.

During this four-week period the loss suffered by the tourist service industry on Vancouver Island is reliably estimated to exceed $2 million. More than a week ago it was reported that over 30,000 reservations had been cancelled. Honourable senators, I cannot possibly convey to you what an injury our economy will suffer if this strike is prolonged indefinitely.

It will be felt worst on Vancouver Island: it will be just terrible for the province of British Columbia. But the loss does not end there. It is a national calamity. Direct losses will affect every level of tax collections; unemployment will be increased; building and capital expansion in the tourist industry will be cancelled. One province cannot suffer a setback like this without it affecting Canada as a whole.

The honourable senator also referred to certain articles which appeared in some of the Vancouver newspapers. On June 3 the Vancouver *Sun* had this to say:

Federal mediator Eric Taylor warned today the Canadian Pacific Railway ship strike "will continue indefinitely". "Talks between representatives of the C.P.R. and striking Seafarers International Union broke down Monday". Mr. Taylor said: "No further meetings have yet been planned and talks have been suspended for today. All I can say at the moment is that the C.P.R. strike will go on indefinitely."

Then the Vancouver *Daily Province* on the same date, June 3, reported as follows:

The first attempt to end the 18-day C.P.R. ship strike has failed. Special mediator Eric G. Taylor said Monday after a three-hour parley with both sides. "Nothing transpired to indicate that the strike will not continue indefinitely." A spokesman for the C.P.R. also confirmed the session had been fruitless. And he added that no arrangements were made for further meetings of all the parties concerned. The company repeated that the coast fleet was operating at a loss, and said that any increased grant would have to come out of increased charges on passenger and car traffic.

The Vancouver *Daily Province* of June 7 said:

What appears to be the failure of his (Mr. Taylor's) mission has apparently been brought about by complications going beyond the Seafarers' dispute with the C.P.R. Said an informed source: "The Marine Engineers and the Masters and Mates have also registered strike votes on the C.P.R. fleet and on Black Ball. Everyone is waiting to see what the other will do. That applies to both the companies and the unions."

The honourable senator from Kamloops (Hon. Mr. Smith), made it perfectly clear that efforts to bring about a settlement were getting nowhere. He said:

As far as the dispute which ties up the C.P.R. ships is concerned, it is my specific suggestion—

And here is the suggestion which the honourable senator from Kamloops gave to Parliament, and in speaking to this house he is speaking to the Government of Canada. As a matter of fact he asked the honourable Leader of the Government (Hon. Mr. Aseltine) to bring his remarks to the attention of the Government.

Hon. Mr. Aseltine: I would like to say, honourable senators, that, as requested by the honourable senator from Kamloops, I sent a copy of the Senate *Hansard* to the Minister of Labour immediately after that speech was made. I received a reply that they were investigating the matter further, and that, in view of the failure of Mr. Taylor to effect a settlement, they were bringing all the parties to Ottawa for a further conference, as I stated in my initial remarks.

Hon. Mr. Macdonald: Honourable senators, I had no doubt that the Leader of the Government would bring the remarks made by the honourable senator from Kamloops to the attention of the Government, but my complaint is that all the Government did since June 11 was to bring these people to Ottawa. The Government did not take the advice that the honourable senator from Kamloops gave it. He did not go so far as to advise forcing the parties to come to a final agreement; he did not say you have to appoint this board of three arbitrators. This is what the honourable senators from Kamloops said, and the Government ignored it until the other day:

As far as the dispute which ties up the C.P.R. ships is concerned, it is my specific suggestion that Parliament should take immediate action to extend the period of the collective agreement between the C.P.R. and the S.I.U. until such time as the parties can agree upon the terms of a new collective agreement.

That is what the Government is asking Parliament to do now, on July 25. He suggested, of course, that the Government go further than that—and, remember, this was over two months ago—but the Government did nothing about it.

Hon. Mr. Aseltine: What is the date of his speech?

Hon. Mr. Macdonald: June 11.

Hon. Mr. Aseltine: That is a little over one month ago.

Hon. Mr. Macdonald: A little over one month ago. Well, it is a long month. It is really a month and a half ago but it seems longer than that, I suppose because of the hot weather or perhaps because I have had to listen to so many of my own speeches. In any event, nearly 45 days elapsed before the Government did anything about it. That is my complaint.

This year, especially, with British Columbia celebrating its centenary, thousands of people have gone to that part of Canada, and when they arrived at Vancouver they had to stop there. Most of them would want to go over to the beautiful city of Victoria and I do not know of any city with a more attractive approach by water than the city of Victoria.

Then two weeks ago Her Royal Highness, our beloved Princess Margaret, visited that great province, and what did she find when she got there? Well, she had to fly to the island or take one of the Government ships. She soon learned that a strike was in progress there. Thousands of people who wanted to go over to Victoria to see the lovely young lady were forced to stay in Vancouver.

I say the Government has ignored the needs of the province of British Columbia during the last 45 days. Had it taken the advice of the honourable senator from Kamloops this whole thing would have been settled six weeks ago. And I say the Government cannot be excused for not tackling this problem long before this.

Now, honourable senators I am going to refer just briefly to the bill. As the Government must have realized for the last two months that eventually it was going to have to bring in legislation for the settlement of this dispute, I would have expected it to present to us a bill that was quite clear, instead of one with confusing language, such as this one contains.

For instance, clause 3 provides for the appointment of an administrator to carry on all or any part of the business of the company. In subclause 2 of that clause the administrator is described as the agent of the company. He is not the agent of the Government. I would not suppose he could be the agent of both parties. Yet the company has no right to control its own business through its own agent although, according to the same subsection, the administrator may do such things as he sees fit for the carrying on of the business of the company.

Hon. Mr. Aseltine: And the company will bear the expense.

Hon. Mr. Macdonald: That I do not know. He carries on the business of the company but is subject to any instructions of the Governor in Council. Does my honourable friend the Leader of the Government suggest that those words are there in order that the expenses and losses, if any, will be charged to the company, and if there is any profit the Government will get the advantage of it? Is that what I understand my honourable friend to say?

Hon. Mr. Aseltine: No, no.

Hon. Mr. Macdonald: I am sure that is not the meaning of the clause, but I may interpret the clause as I see fit and the honourable Leader of the Government may interpret it as he sees fit. I say that in labour legislation, especially, the meaning of the words should be abundantly clear.

Clause 4 of the bill provides that every employee who is now on strike shall return to work. I am informed—and the Leader of the Government can correct me if I am wrong—that two ships which were operating at the time of the strike have since been sold by the company. What I would like to know is, will the men who formerly were employed on those ships have to return to work?

Here is what clause 4 says:

> Forthwith upon his appointment the administrator shall resume the carrying on of the business of the company that was suspended by reason of the strike now existing, and every employee who is now on strike shall return to the duties of his employment in the business of the company on the terms and conditions set forth in the existing collective agreement binding on him as amended by this act.

Well, now, two ships have been removed from that service. But the language of this section could be interpreted to mean that all men who are on strike have to return to work, although there is no ship for some of them to go to. My honourable friend may say that is not what the section means at all, and another member of the house may say something else. But again I point out that the bill is so confusing that it would strain the wits of a Philadelphia lawyer, to say nothing of how it would confuse the men who are on strike.

Why should we pass labour legislation that is not clear and which may result in the expense and trouble of going to the courts to have it interpreted? During all the time that a strike was anticipated, and throughout the strike, the Government has had plenty of time to bring forward a clear bill which would not require interpretation by the courts.

I am not at all sure how many men are on strike at the present time.

Hon. Mr. Thorvaldson: Three hundred and three.

Hon. Mr. Macdonald: My honourable friend says 303. I don't know how he arrives at that figure.

Hon. Mr. Thorvaldson: That figure was given yesterday by the Leader of the Opposition in the House of Commons.

Hon. Mr. Macdonald: I don't know how the Leader of the Opposition over there arrived at the figure.

If I understand one of the many interpretations given to this bill—and I don't say this is the right one—it is that the men who went on strike from those two ships which have been taken out of the service, are no longer on strike. I am also told—I do not have the authority for this—by a specialist in this branch of the law that those men who went

on strike and who have since obtained other employment are no longer on strike. I was told that originally 930 men went on strike, but I do not know how many of that number worked on ships which have been withdrawn from service and how many have accepted other employment. As I said at the outset of my remarks, 58 per cent of the men who went on strike want to go back to work, but nobody knows how many men are now on strike, because no evidence has been brought before this house. I am not going to refer to what was said in the other house in this respect, but I haven't seen in the press even an estimate of how many of the 930 men cannot get other employment or whose ships have been withdrawn, and how many have other employment and do not wish to go back.

Hon. Mr. MacDonald: Would the honourable Leader of the Opposition please tell us why we should worry about how many men are prepared to go back, if we can get the ships back into operation?

Hon. Mr. Macdonald: My honourable friend from Queens (Hon. Mr. MacDonald) may not be worrying about how many men are prepared to go back. I say again that 58 per cent of the men who were on strike wanted to go back and apparently 42 per cent did not want to go back. It may be that now 100 per cent may be ready to go back. If that be so, they would probably go back without any compulsion. Let us say that 90 or 95 per cent are ready to return to work. In any event, we don't know what the figure is or whether this legislation is necessary. If we had that information we could come to a conclusion much more quickly.

Hon. Mr. Thorvaldson: Would the honourable senator allow me to make a correction with respect to the figure of 303 men being on strike? The statement made yesterday by the Leader of the Opposition in the House of Commons was that the Seafarers International Union—a union which has more than once in recent years been the centre of controversy —represented 303 employees of the British Columbia Coast steamships. It seems obvious, therefore, that there may be more than that number on strike.

Hon. Mr. Macdonald: Thank you. But, I am still as confused as ever, in spite of what the Leader of the Opposition in the other house may have said. He has not clarified the matter from my point of view; I hope he has for the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). I do thank him for the information.

Honourable senators, I do not intend to delay the house much longer. I wish only to refer to an apparent amendment which this bill contains. When the bill was originally drafted, but was not distributed—although some members of the Senate, I think, saw the draft—it proposed the appointment of one arbitrator to settle this whole matter. According to section 7(d) of the bill now before us the proposal is to appoint three arbitrators. I think it is better, of course, to have a board of three arbitrators than to have only one. But I fail to understand why the Government did not go a little further and provide for establishment of a conciliation board in the usual manner under the Industrial Relations and Disputes Investigation Act, setting up three arbitrators, one to be appointed by the men, one by the company and one by the Government. It may be suggested that the men could not agree on an appointment. Certainly, they could have been given five days within which to name their representative. With such a board, I think there would have been a much greater chance of the parties coming to a settlement without the force of law or compulsion.

I am almost persuaded to move an amendment now with respect to the appointment of such a board of conciliation. But in view of the overwhelming majority of Government support in the other place, I am sure such an amendment would be hopeless and would only result in unnecessary delay.

For the sake of argument, suppose honourable senators all agreed that this bill should be amended to provide for three arbitrators, one to be appointed by the men and one by the company, and those two arbitrators to appoint a third or, failing to do so within five days, the Government would step in and appoint the third. What would happen if we passed such an amendment? The amended bill would have to go back to the House of Commons, and under its rules the amendment could not be considered until tomorrow.

Hon. Mr. Aseltine: Was that procedure not tried once before, and did it not result in three different decisions?

Hon. Mr. Macdonald: I don't know what was done before; I am thinking of what would happen at this time. We are now up against the problem of trying to reach a settlement of a terrible condition that exists on the west coast.

I was explaining what would happen if such an amendment to the bill were made here. It would go to the other house and perhaps not be considered before tomorrow. I am satisfied the other house would not agree to it. A committee from that house would then be appointed to meet a committee from this house. I doubt that they would agree to our proposals, or we to

theirs. There would be a stalemate; we could think about it over the weekend, and perhaps consider it further on Monday or Tuesday next. That would cause a serious delay. But I am not going to propose an amendment, for, as I have said, I do not think there is the slightest chance of having it accepted. I notice the Government did amend the original bill by inserting a clause 11, which provides:

This act shall expire no later than the thirtieth sitting day of the next session of Parliament.

If the bill as originally introduced had been passed the legislation might have remained in force for ever. Thank goodness this measure will not remain in force long and will be automatically repealed. The sooner it is repealed, the better for all concerned.

Hon. Charles G. Hawkins: I would like to ask the Leader of the Government (Hon. Mr. Aseltine) who will be responsible for the financial administration of the company's property during the time the administrator is in charge?

Hon. Mr. Aseltine: In my opinion it will be the company, because the administrator is the agent of the company.

Hon. Mr. Hawkins: Is there any provision for reimbursing the company in the event of a loss?

Hon. Mr. Aseltine: No, I do not think so.

Hon. Norman P. Lambert: Is there any assurance that this bill, if it becomes law, will have the desired effect of renewing the operation of the C.P.R. steamships in British Columbia?

Hon. Mr. Aseltine: I feel sure that if the bill is passed today the ships will be in operation tomorrow. It is my understanding that as soon as this bill receives royal assent the administrator will be appointed and will immediately take charge.

Hon. Mr. Lambert: There are two parties involved, the employer and the employee. Is there any assurance that the labour organizations, which have asked for a 25 per cent increase in pay and will be given an 8 per cent increase by this legislation, will accede to the suggestions embodied in the legislation and return to do a job they have refused to do for the last seven weeks?

Hon. Mr. Aseltine: If what I heard over the radio the night this bill was introduced is correct, it is pretty well conceded that the men will go back to work and the ships will be put into operation immediately, with a view to the parties continuing their negotiations and reaching and ratifying collective agreements before the expiration of the act.

Hon. Mr. Lambert: Honourable senators, it is to be hoped that the prospect outlined by the honourable Leader of the Government (Hon. Mr. Aseltine) proves to be correct, but for the life of me I cannot see any great assurance of it in this legislation which, to say the least, is makeshift legislation. It has an element of compulsion about it, and it also rides the other horse of encouraging further voluntary or collective bargaining. Honourable senators have seen the results in this case of an attempt at collective bargaining for the last two months. They have not been very satisfactory. If this legislation is put into force and expires, say, by January and nothing further has developed, are we to assume that the compulsory provisions of the bill will still apply, and that the idea of collective bargaining will be displaced by a compulsory arbitration feature presided over by an administrator?

Hon. Mr. Aseltine: I am not assuming anything, but we have got to do something and give these people a chance to get together. We have to give the people of British Columbia this steamship service, and if the honourable senator has any other solution to suggest I would like to know what it is.

Hon. Mr. Lambert: I have one obvious suggestion to make and it is based upon the traditional and historic functions of this Upper Chamber. As soon as possible after the honourable senator from Kamloops (Hon. Mr. Smith), when addressing this house in the Throne Speech debate on June 11, warned us of the seriousness of this problem on the coast, a special committee should have been appointed by the Senate to deal with the matter. Surely it is one of the responsibilities and undoubtedly it is one of the functions of Parliament to lead and instruct public opinion. One way to do this is through discussions such as we have had in committees appointed by the Senate to deal with subjects which have a definite application to the interests and welfare of our people.

As between legislative responsibilities and administrative responsibilities, the time of members of Parliament is about evenly divided, but in the last fifteen years or so the tendency has been to neglect administrative responsibilities in relation to convincing public opinion and employing the advantages and usefulness of consolidated public opinion with regard to conditions that exist at any given time.

By its constitutional provisions and tradition, the Senate has a big responsibility to attend to such functional matters as that represented in this bill, which affects the life and interests of a provincial area. If this had been done it would not have been

the first time that the Senate had been able to influence, through one of its committees, a very important trend of action in a part of this country. I submit with all the forcefulness I can express that our responsibility in connection with this situation in British Columbia has not been met. It is not good enough to suggest that we should wait for the inspiration to come from the other house or from the Government of the country. I think this body and this chamber is perfectly competent, with its status, its experience and its appreciation of the country's conditions, to take action to enlighten public opinion in Canada as a whole upon the facts that underlie this strike which has been holding up the interests and the welfare of the people of British Columbia. I am quite well aware that we have these responsibilities, and they have been exercised in the past to good effect. I am not going to take up the time of the Senate by going into detail, but if anyone wants to refresh his memory or inform his mind of occasions on which the Senate has performed usefully in connection with matters arising in British Columbia, and in several other parts of Canada, I would recommend the perusal of what is virtually a textbook on the Senate, written by MacKay, a very good Maritime student, entitled, *The Unreformed Senate of Canada.* It is a mine of information which I think might stimulate the imaginations of our present members to realize that there are great possibilities of service to this country that we are not rendering at all.

My first experience in this connection was shortly after I became a member of the Senate, when the problem of transportation was being considered and a study was initiated here through its Standing Committee on Transport and Communications in relation to a new transport act, which was aiming at a consolidation of transport interests in Canada and the establishment of what were called agreed charges. Some of our friends here will remember that that committee's work led the way to a very useful anticipation of transport needs in this country. This matter might have been dealt with in other ways and elsewhere, as for instance in the other house, but it was first introduced and discussed and thrashed out in this Committee on Transportation and Communications, and what the committee did was approved in this Upper Chamber. It was in anticipation of legislation that that committee was authorized by the Senate to conduct the inquiry.

Honourable senators, I submit that before this bill now before us was brought down at this late stage, after many weeks of intimation and of warning, action should have been taken that might have helped to solve this difficulty in a peaceful way without this unprecedented form of compulsory legislation being impressed upon the people of this country. I think a great deal could have been done if our Standing Committee on Transportation and Communications, say, had had the whole problem of this disturbance at Vancouver before it. It could have been fully aired before the committee, with evidence given by representatives of labour unions, representatives of the railways, and representatives of the Governments of the province of British Columbia and the municipality of Vancouver. By so doing the floodlight of public opinion, which used to be regarded as of some importance in this country, might have been brought to bear upon this whole situation. It seems to me that we have something to learn from the example of similar activities in the committees of the Senate in Washington, from which we have had ample evidence in the past year or two of the beneficial results that have been conferred in the United States by the hearing of cases involving irregularities in the conduct of labour unions, for one instance.

The whole position of labour in relation to the railway and the operation of these ships is a most important thing to have settled—because the question remains unsettled. This bill leaves the whole question of the economy involved in operating these ships entirely unsettled. I have been told on fairly good authority that those coastal boats have not operated profitably for some time. Well, I think we should have authoritative evidence either to disprove that statement or substantiate it. The same thing applies from the point of view of labour. If there is a fundamentally weak economic aspect to this position at the coast in relation to the operation of coastal steamers, then I think the public of Canada is entitled to know it. We had a good example of it on the other coast, as was brought out in the other house, when the Canadian National Railways moved their ships to another country, and they are now being considered for sale under different registration. We did not have the example of the Government enforcing any legislation to cover that situation. If it is unprofitable for the C.N.R. to operate boats on the Atlantic coast, and boats to the West Indies, from that coast, then we have a very good right to know whether or not a similar situation exists in relation to the C.P.R. boats on the Pacific coast.

Honourable senators, I submit that between now and the expiration of this legislation this chamber could do no better than to employ its Standing Committee on Transportation and Communications to have full inquiry

made into this problem with a view not only of enlightening public opinion, but of helping us to obtain a clearer idea of what we are about than we have now.

Hon. T. A. Crerar: Honourable senators, by any measure we apply to it this bill is a very important one. It is a matter of regret that the bill did not come to this house earlier. There is very much merit in the criticism just made by the honourable senior senator from Ottawa (Hon. Mr. Lambert). This thing is not new. The strike which this measure hopes to overcome has been going on since May 16. It was quite evident six weeks ago that the ordinary methods of settling these disputes, or of trying to arrive at a settlement, had been exhausted and were useless. If the Government had then taken the steps that it has taken now there would have been an opportunity for this house to call in the various parties to the dispute, secure all the facts, give a measure of information to public opinion, and bring the great force of public opinion to bear.

That has not been done and now we have to deal with the matter at this late date. Having in mind the circumstances upon the Pacific Coast this legislation, or legislation of this kind, in my judgment, is fully justified, although I am bound to offer a word of criticism as to the form in which the remedy is presented to us.

There is something in the criticism offered by the Leader of the Opposition (Hon. Mr. Macdonald) that this bill in some respects, indeed in several respects, lacks clarity. I suspect that the Government has been hoping against hope that some avenue of settlement would open up and that it would be relieved of the increasing pressure to bring in remedial legislation. Well, the matter was not settled and so we have this bill. It seems to me it would have been better if something of the precedent established in the settlement of the railway strike of 1950 had been followed here.

Implicit in this legislation is the compulsory feature. Let no one be deceived about that. The objection by the party of our honourable friends opposite in the House of Commons in 1950 was to the compulsory feature of the legislation then introduced to end the railway strike. Now it is quite clear to everyone that if there is one characteristic of all our political parties today it is their desire not to give offence to labour, and so the matter of compulsory arbitration in almost every case has been ruled out. We have all tried to create the impression that we thought it was something evil that should be swept under the rug and kept there.

But on two occasions, in 1950 and again today, we have to fall back on that principle. Now, my contention is, honourable senators, that the public interest, the broad public interest, is paramount over everything else, and I hope presently to give a few examples in support of this view. But our political parties have shied away from the idea of using compulsion in much the same way that the illiterate peasant from the hills of Wicklow in Ireland would shy away from a ghost.

I think the time has come when we have to take a new look at this matter. It is interesting to note that this principle of the supremacy of the public interest has been invoked in several instances in the past. The first important instance was when the Board of Railway Commissioners was set up about 60 years ago. The railways of Canada were then untrammelled, as far as regulation was concerned. If they attempted to exact freight rates that were considered exorbitant the only appeal was to the Governor in Council; and in those days, honourable senators, that was a pretty slender reed to lean upon. Well, 60 years ago, in recognition of the fact that the public interest required that the railways be brought under a measure of control, the Board of Railway Commissioners for Canada was established and by legislation endowed with certain rather extensive powers. Thereafter the railways could not discriminate in freight rates as they had been doing before that time. They could not increase their freight rates without holding a public hearing where the public could come and make representations. If a farmer's livestock was killed on a railway track the company had to pay compensation. Formerly a farmer could sue the railway company, but the company could take him through the courts to the Privy Council, if necessary, and wreck him long before they got there. So this principle of the supremacy of the public interest was applied and carried through, and no one today, not even the railways themselves, would want to go back to the old state of affairs.

Another instance is that of the grain trade in western Canada. Sixty years ago or more in western Canada there was no restraint on the grain trade. Any person could by clever advertising induce a farmer to sell his grain to him, or supposedly sell his grain to him. He could pocket the proceeds realized from the sale of the grain and depart, and all he could be charged with was theft, the farmer having to lay the information. Well, the Canada Grain Act was passed and again the principle of supremacy of the public interest was invoked. A board was set up, known as the Board of Grain Commissioners. That board today controls the traders, it licenses the traders, it lays down regulations under

which the grain trade is to be carried on; and I say to this honourable house there is today not a grain trader or farmer or businessman who would want to go back to the old state of affairs that obtained prior to the passing of the Grain Act.

So we have made progress in these matters. The banks also are regulated, and this principle has been carried out in other directions as well.

Well, I sometimes wonder if we have not nearly reached the time when the principle of the public interest should be recognized as paramount in many of these labour matters. The unions would for the moment reject it, although I am bound to say that I believe there would be a surprisingly large body of support among union members themselves in favour of some regulation of this kind.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Crerar: In a matter of this kind the two parties could bargain as to wages; they could have their collective agreements and employ all the mechanisms required to try to reach a settlement. But, failing to do so, both sides would be compelled to arbitrate under fair auspices and accept the results of the arbitration. That, in effect, was what happened in 1950.

That does not mean that every industry in the broad dominion should be subject to this procedure. There are certain classes of services to the public that stand out and require special treatment. One of them is transportation service. If you tie up our railways you not only endanger loss of property, but loss of life. Another class of service is that given by hospitals. I believe we are greatly to be congratulated upon the fact that while hospital workers, including nurses, often have onerous hours, they have had little or no labour trouble. The same principle I am suggesting applies to firemen and policemen. Our military services, as a matter of fact, cannot organize a union and demand better working conditions or wages; they are debarred from doing so.

As I say, there are classes of services with respect to which it is not too much to require that, when the ordinary bargaining processes fail to reach a settlement between two parties, then in the public interest—which is the paramount interest—the Government should step in to create the machinery to settle those differences. But I would not give that machinery general application. After all, if an automobile or implement factory shuts down because of a labour dispute, the public interest is not greatly affected by it. The people who work at the factory may be affected directly, but not the general public. But if, for instance, the firemen in a large city like Montreal make certain demands through their unions and an impasse is reached, and if they go on strike and refuse to work and buildings burn down, I say definitely the public interest is then affected. The same is true in respect of the maintenance of law and order by our police forces.

The time is coming, I venture to say, when we will take a new look at these conditions. Furthermore, labour unions in their own interests should carefully consider certain procedures. They would inspire greater confidence in the public if, for instance, they agreed to a supervised ballot in any large labour organization before a strike takes place. The labour unions can no more refuse to march in step with progressive public opinion than could the railways or the grain trade 60 years ago. I venture these remarks simply because they arise out of the bill.

Now may I make a few remarks about the bill itself. There is in it, I think, an element of unfairness. Although I am no particular friend of the Canadian Pacific Railway, I would point out that the administrator is given complete control of the operation of the Canadian Pacific steamships on the Pacific coast. If he runs them carelessly and piles up a loss, the railway company has to meet it. It will not be met by the Government or any one else; the railway has to bear that responsibility and carry the loss if any. I think my honourable friend the senior senator from Ottawa (Hon. Mr. Lambert) is correct when he says that the services have been running at a loss. In any event if this bill is passed the railway company will have to carry any loss that occurs, yet it will have no opportunity to control the expense. That state of affairs is about as far down the road to industrial anarchy as we have gone so far. That objectionable feature in this bill would have been overcome if the suggestion I made earlier had been used as a means to reach a settlement; that is, we could have said plainly "You are going to arbitrate, you will accept the results of the arbitration, and no one is required to work if he does not wish to." In that way I am sure the matter would have been settled quickly.

I have another point. Section 4(1), which orders the men back to work, states:

> Forthwith upon his appointment the administrator shall resume the carrying on of the business of the company that was suspended by reason of the strike now existing, and every employee who is now on strike shall return to the duties of his employment in the business of the company on the terms and conditions set forth—

By what law is he going to be compelled to return?

Hon. Mr. Connolly (Ottawa West): By this law.

Hon. Mr. Crerar: What are the sanctions if he does not return?

Hon. Mr. Aseltine: As provided by the Criminal Code.

Hon. Mr. Crerar: What are the penalties?

Hon. Mr. Aseltine: There are no specific penalties in the bill, but the Criminal Code provides that penalties for infraction of an act of Parliament will apply.

Hon. Mr. Crerar: That may be. At the moment I do not recall what those penalties are. But this strike has now been going on for more than two months. Suppose one of the employees decided six weeks ago that he was through with this service and went to Alberta.

Hon. Mr. Aseltine: He is no longer on strike; he has left the service of the company.

Hon. Mr. Macdonald: That is your opinion.

Hon. Mr. Crerar: I will accept that. But in any case, I think the bill could have been somewhat clearer.

I believe the legislation is necessary. It is, however, unfortunate that it was not introduced six weeks ago. Undoubtedly the people on the coast have been put to considerable inconvenience and a great degree of loss by reason of the strike. It was quite apparent even six weeks ago that this matter was not going to be settled; and if the members of the Government had any remote hope that it might be settled, they should have taken a closer look at the ability to carry on a contest of this kind which has more than once been manifested by the leaders of the Seafarers Union.

Hon. William M. Wall: Honourable senators, may I ask the honourable Leader of the Government how he intends to proceed after the bill has been agreed to in principle? Shall we be afforded an opportunity to ask questions about specific problems which he may not answer in his closing remarks?

Hon. Mr. Aseltine: After the second reading is given I will move the third reading, so that the bill may be given royal assent presently.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Aseltine: Honourable senators, I move that the bill be read the third time now.

Hon. John A. McDonald: May I ask the honourable Leader of the Government (Hon. Mr. Aseltine) if he can tell us who the administrator will be?

Hon. Mr. Aseltine: I am sorry, I have not that information, and if I did have it would not be possible for me to divulge it, for the bill is not yet law and it would be unfair to any person who might have been considered for the position to disclose the fact. A similar answer to that question was given in the other house.

Hon. Mr. McDonald: I am sure honourable senators will support this legislation in the sincere hope that it will accomplish its purpose; and at the same time we trust that the administrator, whoever he may be, will be endowed with those fine qualities of heart and mind which will enable him to meet with the greatest possible success and cause the least annoyance to the parties in dispute.

I cannot allow this occasion to go by without asking the honourable Leader of the Government to bring to the attention of the Government, and of the Minister of Transport in particular, the need for doing something, even at this late date, to have the Canadian National Steamships service resumed between Canada and the West Indies. We are losing valuable trade with the West Indies because this service has not been in operation for many months, and I do hope that something may be accomplished toward restoration of this service.

Hon. Mr. Aseltine: I shall be glad to bring this matter to the attention of the appropriate minister.

Hon. William M. Wall: Honourable senators, I was hoping that the honourable Leader of the Government would have felt there was sufficient interest in the provisions of this legislation to ask that they be examined in Committee of the Whole. As he has not done this I should like to make one or two comments in the form of an inquiry, and perhaps he might care to comment upon them.

This legislation is *ad hoc* and remedial and to meet a specific situation. The honourable Leader said the Government has been doing everything possible to meet the situation. Perhaps yes, and perhaps no; one could argue this. It is a fact, however, that in essence this legislation will establish a rather significant and important precedent. I cannot help but suggest that Parliament is in effect entering the field of supposedly free negotiations between management and labour, and it is doing so on almost a prescribed wage level. In other words, it does not say to the parties, "Go ahead and negotiate." It says, "You will negotiate, but we are going to set a floor on the negotiations." This floor is in effect set out in section 4(2) of the bill, which prescribes the new wage scale to be in effect

by statute for a period of time. How long that period of time is going to run, nobody seems to know.

I would suggest that the negotiations are no longer free but are prejudiced to the extent of this statute. That is a very important precedent. Directly or indirectly, Parliament, by statutory legislation, is in effect entering the field of mandatory prescription of immediate wage levels at which future negotiations are to be continued.

Hon. Mr. Aseltine: I would refer the honourable senator to the decision of the Supreme Court of Canada in 1955, which was mentioned by the honourable Leader of the Opposition (Hon. Mr. Macdonald), wherein it was held that the Parliament of Canada has this power under the Industrial Relations and Disputes Investigation Act.

Hon. Mr. Wall: I know about the ruling of the Supreme Court, but would the Government Leader care to comment on whether Parliament has ever exercised that power?

Hon. Mr. Aseltine: I cannot answer that question.

Hon. Mr. Wall: That is the comment I am making, that in effect Parliament is now entering this field, and although it is not being asked to write a collective agreement it is taking a new and unprecedented step by putting a floor in what I think has been termed a provisional amendment by the Minister of Justice. It could be an important precedent with respect to future conciliation methods.

Hon. Mr. Aseltine: Is the honourable senator suggesting that this is a floor?

Hon. Mr. Wall: I am suggesting that in effect it will become a floor.

Hon. Mr. Aseltine: No. That is not what the act provides.

Hon. Mr. Wall: It is not conceivable that negotiations could go below that floor.

Hon. Mr. Macdonald: For all practical purposes.

Hon. Mr. Wall: Yes, for practical purposes.

Motion agreed to and bill read third time.

The Hon. the Speaker: Honourable senators, this bill, originating in the House of Commons and entitled "An Act to provide for the resumption of the British Columbia Coast Steamship Service operated by the Canadian Pacific Railway Company", has been read a third time and is now ready to pass. Is it your pleasure to pass the bill?

Hon. John J. Connolly (Ottawa West): Honourable senators, I do not wish to delay the house, but before the bill is passed I should like to make one or two remarks which I think bear upon this type of legislation, particularly in view of the fact it may be establishing a precedent, and in some respects an undesirable precedent. Like other honourable senators, when I first read the bill I was concerned that perhaps section 4 encroached upon some of the matters that are given exclusively to the jurisdiction of the provinces under section 92 of the British North America Act. I refer particularly to the matter of property and civil rights, because in section 4 there is a determination of a wage rate, which I think is normally something that falls within provincial jurisdiction. However, as both the honourable Leader of the Opposition (Hon. Mr. Macdonald) and the Leader of the Government (Hon. Mr. Aseltine) have said, there seems to be, first of all, no doubt whatever that Parliament has the right to enact legislation of this kind. Parliament alone has that right, and presumably because of the provisions of section 91, subsection 10, of the British North America Act, which deals with navigation and shipping. Indeed, that has been confirmed by the reference to the Supreme Court of Canada in 1955, in which the majority of the Court held that the Industrial Relations and Disputes Investigation Act was within the competence of Parliament. So if Parliament has the jurisdiction, and if this is the only legislative body that has the jurisdiction in view of the emergencies that exist, then any legislative action that has to be taken can only be taken here.

There is, however, one other point which I would like to mention for the future consideration, certainly of the members of this chamber, and possibly even of the Government, although I do not think the Government would particularly listen to any views that I may have—

Hon. Mr. Aseltine: I wouldn't say that.

Hon. Mr. Connolly (Ottawa West): I do think that the honourable gentleman from Churchill (Hon. Mr. Crerar) has made a point about the possibly temporary character of this legislation in so far as the employer is concerned, because that steamship service on the British Columbia coast is not only an essential service but, if I may say so, a most enjoyable service to use. The trip is a wonderful one to take, and it may very well belong to an essential part of the transportation system of this country.

I understand the Minister of Justice rather indicated in the other place, when this measure was under consideration, that from a jurisdictional point of view Parliament was entitled on that score to pass the bill. But it may be that this company is being forced,

or will now be forced, to meet the deficits of this operation for an indefinite period of time, and particularly if the wage rates are to increase. So the time may come when perhaps the whole service will have to be taken over as a public project in the interests of the entire country. There would be a precedent for that, because there is a provision in the British North America Act whereby Prince Edward Island and Newfoundland were brought into Confederation, that the ferry services between the mainland and those two provinces will be maintained; and while the language of the sections does not explicitly say so, I think the interpretation has always been that it is compulsory for these services to be maintained and that they cannot be struck, as this one has been.

I would like to mention another point, arising also out of section 4 of the bill—and I do not do so in any carping, critical way. Section 4 says that every employee who is now on strike shall return to the duties of his employment. I should think that what was in the mind of the framer of this piece of legislation was, and probably the Government people would say so, that the parties agree they cannot get together on this strike, but that if a bill of this kind were passed the service would be resumed under certain conditions, and that then, in the normal course of events, the people who have gone on strike against the company would return to work. And I think that will happen. It may have been necessary to put a section like this in the bill; but I would draw to honourable senators' attention the fact that this section does what contract law cannot do, that is, enforce a provision for the performance of personal services. That may not be a desirable precedent for legislation, either dominion or provincial—

Hon. Mr. Aseltine: Didn't that happen in 1950?

Hon. Mr. Connolly (Ottawa West): I think not. I think the strike of 1950 was ended by legislation and the services were resumed. I stand subject to correction on this, for I would have to look up the section again myself, but even if legislation in 1950 did that it would not constitute a good precedent. That is my point. Perhaps the section is necessary in a bill like this, when apparently everybody agrees that the service should be resumed but at least the parties to the dispute cannot agree as to the terms on which it shall be resumed, other than terms like those embodied in this measure. But we may be going a little farther than Parliament would like to go or should go. I say to the honourable Leader of the Government that he and I might object if some bar association or competent legislature said that every lawyer in Canada shall practice law for eight hours a day regardless of what he might otherwise be doing. That would be a legal prescription imposing conditions as to personal services, personal activity. In the old days of slavery perhaps that kind of thing could be done.

Hon. Mr. Macdonald: I am sure my honourable friend would not mind that, for I am certain he practises more than eight hours a day now.

Hon. Mr. Aseltine: I was just going to say that we lawyers work longer hours than that.

Hon. Mr. Connolly (Ottawa West): Well, what I had in mind in my example was that if the honourable Leader of the Government was required to spend eight hours a day in his law office we would not have the benefit and pleasure of his company here; and the same comment would apply to other lawyers in this chamber.

Honourable senators, this section, which deals with the personal activities of individuals in that it requires them to return to their duties of employment, may have a very far-reaching effect. On other occasions, perhaps, we might think about it a little more carefully before we solemnly pass it into the law of this country.

The Hon. the Speaker: Honourable senators, is it your pleasure to pass the bill?

Some Hon. Senators: Carried.

Bill passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
Ottawa

July 25, 1958

Sir:

I have the honour to inform you that the Honourable Mr. Justice C. H. Locke, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 25th July, at 5.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,

J. F. Delaute,
Secretary to the Governor General,
(Administrative).

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENT TABLED

Hon. Mr. Aseltine: Honourable senators, I beg to lay on the table:

Report of the Royal Commission on Newfoundland Finances, under the Terms of Union of Newfoundland with Canada, dated May 31, 1958. (English and French texts).

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move that when the Senate adjourns today it stand adjourned until Tuesday next, July 29, 1958, at 8 o'clock in the evening.

Motion agreed to.

NATIONAL PARKS BILL

THIRD READING

Hon. Felix P. Quinn moved the third reading of Bill C-36, to amend the National Parks Act respecting the boundaries of Cape Breton Highlands National Park.

Hon. Mr. Isnor: Honourable senators, the day before yesterday I inquired whether the agreement between the province of Nova Scotia and the federal Government would be tabled. I was unable to be present at the meeting of the committee which considered this bill, for at that time I was attending a meeting of the Finance Committee, and I would like to ask the honourable senator whether the agreement was tabled in the committee.

Hon. Mr. Quinn: Honourable senators, the agreement was not tabled. The honourable gentleman was not present at the meeting and I overlooked his inquiry. If he persist in having the agreement tabled I will make inquiries of the department and see if it can be done.

Hon. Mr. Isnor: Thank you very much. I would appreciate having the agreement laid on the table, but that can be done at a later date.

Motion agreed to and bill read third time and passed.

LAKE OF THE WOODS CONTROL BOARD BILL

THIRD READING

Hon. George S. White, for Hon. Mr. Thorvaldson, moved the third reading of Bill C-25, to amend the Lake of the Woods Control Board Act, 1921.

Motion agreed to and bill read third time and passed.

The Senate adjourned during pleasure.

After some time the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable C. H. Locke, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Therese Beaudoin Girard.

An Act for the relief of Dorothy Elizabeth Nairn Anderson Bloodsworth.

An Act for the relief of Anne Marie Mathilde Vautelet Gagnier.

An Act for the relief of William Leonard Mugford.

An Act for the relief of James Clancy.

An Act for the relief of Marjorie June Gabrielson Trainor.

An Act for the relief of Kathleen Mitchell Cabana.

An Act for the relief of Fernande Leduc Clarke.

An Act for the relief of Ann Westwater Murphy.

An Act for the relief of Gaynor Jenkins Douglas.

An Act for the relief of Roland Paquin.

An Act for the relief of Jone Vanda Skakauskaite Kaniewski.

An Act for the relief of Ivy Elizabeth Shaw Labbee.

An Act for the relief of Constance Jean Backhouse Brayton Lapierre.

An Act for the relief of Lisbet Schlosser Wisternitz.

An Act for the relief of Virginia Marshall Staniforth.

An Act for the relief of Elie Kouri.

An Act for the relief of Margaret Stirling Izett Brown.

An Act for the relief of Norman Weisman.

An Act for the relief of Dawn Yvonne Tonkin Kadas.

An Act for the relief of Betty Taylor Sharpe.

An Act for the relief of Doris Williams Timmins.

An Act for the relief of Marjorie Mary Ellen Bowes Jupp.

An Act for the relief of Earl Bruce Carswell.

An Act for the relief of Beverly Joan Smithson Rook.

An Act for the relief of Joseph Francois Gabriel Rene Denis.

An Act for the relief of Solomon Seymour Yetman.

An Act for the relief of Margaret St. Aubin Brennan.

An Act for the relief of Lidija Plesums Koppel.

An Act for the relief of Vera Hamburg Colson.

An Act for the relief of Margaret Griffin Clarke.

An Act for the relief of Katie Miller Fisch.

An Act for the relief of Greta Claire Van Valkenburg Stenstadvold.

An Act for the relief of Beatrice Madeleine Schmid Layton.

An Act for the relief of Anne Gold Zidile.

An Act for the relief of Thomas Mastropaolo.

An Act for the relief of Charles Coorsh.

An Act for the relief of Claire Aubin Daunais.

An Act for the relief of Maurice Gardner Swaine.

An Act for the relief of William Arthur Terry.

An Act for the relief of Frances Eileen Fisher Baker.

An Act for the relief of Marie Aurore Cecile Gauthier Thomson.

An Act for the relief of James Dunn Drummond.

An Act for the relief of Marie Eva Desorcy Valiquette.

An Act for the relief of Norman Silver.

An Act for the relief of Herbert Everett Follette.

An act for the relief of Abie Cubitz.

An Act for the relief of Eva Shtull Hager.

An Act for the relief of Georges Etienne Brais.

An Act for the relief of Barbara Eisenstein Packer.

An Act for the relief of Margaret Patricia Winckworth Thornton Sherwin.

An Act for the relief of Benita Gertrude Kozlov Cohen.

An Act for the relief of Marie Marguerite Amelia Genier Wright.

An Act for the relief of Winifred Jean Garrett Somers.

An Act 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.

An Act for the relief of Mac Bernard, otherwise known as Manny Bernard.

An Act for the relief of Marcelle Gagnon Lachance.

An Act for the relief of Jean Claude Albert Leonard.

An Act for the relief of Anne McCluskey Templeton.

An Act for the relief of Lillian May Seymour Perez.

An Act for the relief of Lucille Esther Hudson Donnelly.

An Act for the relief of Dorte Glahn Carnie.

An Act for the relief of Marie Therese Carmen Pauline Legault Lortie.

An Act for the relief of Joseph Leo Nolet.

An Act for the relief of Naomi Ruth Wolfson Fischel.

An Act for the relief of Florence Lillian Henderson Pinkney.

An Act for the relief of Francine Major Daigneault.

An Act for the relief of Odette Lemay Dussault.

An Act for the relief of Joan Collie Showler.

An Act for the relief of Johanna Hendrika Jilderda Haring.

An Act for the relief of Patrick Charles Stanford.

An Act for the relief of Beryl Elizabeth Scrase Laliberte.

An Act for the relief of Barbara May Ramsey Bryant.

An Act for the relief of Joyce Sherman Fogel.

An Act for the relief of Wilfred David Oliver.

An Act for the relief of Joseph Urban.

An Act for the relief of Olive Margaret Lester James.

An Act for the relief of Florence Mildred Matthews Dawe.

An Act for the relief of Marie Berthe Helene Guerard Maher.

An Act for the relief of Marie Juliette Pauline Josette Beaudoin Said.

An Act for the relief of Judith Margaret Bianchi Sartori.

An Act for the relief of Clarabel Ellement Vaillancourt.

An Act for the relief of Alice Elizabeth Edden Aumais.

An Act for the relief of William Gordon Heughan.

An Act for the relief of Roland Doutre.

An Act for the relief of Gerald Edward Burnham.

An Act for the relief of Ottilie Wilhelmine Auguste Stegelitz Carpentieri.

An Act for the relief of Francine Josephine Ghislaine Boisdenghien Lebrun.

An Act for the relief of Doris Cahill Chabot.

An Act for the relief of Ruth Marsha Yanover Caunter.

An Act for the relief of Joseph Wilfrid Rene Fortier.

An Act for the relief of Ingeborg Alves-Probst Wright.

An Act for the relief of Paulette Priscilla Benning Buchanan.

An Act for the relief of Irene Georgina Descyca White.

An Act for the relief of Eszter Jeszenszky Tahy.

An Act for the relief of Alice Latou Tubbs Wood Green.

An Act to amend the Yukon Act.

An Act to amend the National Parks Act respecting the boundaries of Cape Breton Highlands National Park.

An Act to provide for the resumption of the British Columbia Coast Steamship Service operated by the Canadian Pacific Railway Company.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, July 29, at 8 p.m.

THE SENATE

Tuesday, July 29, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

SENATE PRAYERS

REFERENCE TO PRINCE CHARLES AS PRINCE OF WALES

Hon. W. M. Aseltine: Honourable senators, before we proceed with the ordinary business of the day I would like to make a brief announcement. Had we been in session on Saturday last I would have announced in this chamber the very interesting and important information then received to the effect that our Prince Charles had just been proclaimed "Prince of Wales" by Her Gracious Majesty Queen Elizabeth II.

My mind goes back to the visits to this country in the early 1920's by Edward Prince of Wales and the tremendous ovations he received when he visited western Canada on the way to his Prince of Wales Ranch in Alberta. He later became Edward VIII. Now at last we have another Prince of Wales, Prince Charles, who is nine years of age, who will not be invested until he is older, at which time I sincerely hope that he will pay us a visit in Canada.

I am sure, honourable senators, that news of the honour which has been conferred on our young Prince will be received with rejoicing in all parts of the commonwealth. We in this chamber also rejoice in the event, and desire to express our congratulations and best wishes to the new Prince of Wales, and say "God Bless the Prince of Wales".

Honourable senators, last Sunday was the first time in 22 years that prayers have been said in the churches for the Prince of Wales. The wording of our opening prayer will have to be altered, and I would like to have the approval of the house to the appropriate change. Therefore, with the leave of the Senate, I move the following motion, seconded by the Honourable Senator W. Ross Macdonald, P.C.:

That the words "Charles Prince of Wales" be substituted for the words "Charles Duke of Cornwall" where they appear in the 25th and 26th lines of the prayers said at the opening of each sitting of the Senate.

Hon. W. Ross Macdonald: Honourable senators, it is with wholehearted enthusiasm that I join with the Leader of the Government (Hon. Mr. Aseltine) in extending our congratulations to Prince Charles on his designation as Prince of Wales by Her Gracious Majesty the Queen. Canadians young and old, and from every walk of life, have followed with deep interest and affection his progress from babyhood to boyhood, and I am sure that our interest and affection will continue to deepen throughout the glorious years that lie before him.

We trust that he will grow in strength and wisdom and that our Heavenly Father will continue to support him throughout his life.

May I also add that we hope it won't be too many years before the Prince of Wales pays a visit to Canada.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Macdonald: I second the motion.

(*Translation*):

Hon. Cyrille Vaillancourt: Honourable senators, I deem it my duty to express in French our gratitude and loyalty toward our sovereign for the great honour she has conferred upon her son in naming him Prince of Wales.

Both our leaders have recalled the visit of our former King when he came to Canada as Prince of Wales. Now it is our sovereign's son who is the Prince of Wales and thus symbolizes the union of the commonwealth. If ever that symbol were to disappear, it would be the end of the fraternal and peaceful feeling that exists today.

In naming her son Prince of Wales, not only does the Queen of England confer an honour upon him, but she perpetuates thereby that symbol of peace as well as the faith we French Canadians and all Canadians have in the peace we strive for and in the royal family, whom we appreciate and we will continue to admire increasingly so long as it is represented by as gracious a person as our present Queen.

My leader has just said that he hopes the Prince of Wales will soon come to visit us. I too hope that he will come soon, so that we may know and appreciate our new Prince, just as we came to appreciate our present Queen when she came to Canada as a princess, even though, needless to say, our admiration for her deepened when she became our Queen. It is when she visited Canada that we had an opportunity to meet her and to appreciate her fine qualities as a sovereign.

(*Text*):

Motion agreed to.

DOCUMENT TABLED

Hon. Mr. Aseltine: Honourable senators, I beg to lay on the Table the following document:

Report of the Restrictive Trade Practices Commission, under the Combines Investigation Act, concerning the production, distribution and sale of zinc oxide. (English text).

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 258 to 280, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

CONGRESS FOR WORLD GOVERNMENT

INQUIRY AND ANSWER

Hon. W. M. Aseltine: Honourable senators, on July 22 last the honourable senator from De la Durantaye (Hon. Mr. Pouliot) asked the following question:

Honourable senators, I presume that all of you have received an elaborate invitation from the Seventh World Congress of the World Association of Parliamentarians for World Government. It is elaborate and flashy. I wonder if that organization for world Government has the support of the Canadian Government and if the Canadian Government is sending delegates to that conference, which will take place in September next. I know that the Acting Leader of the Government (Hon. Mr. Monette) is not in a position to answer me at once but I hope that he will be kind enough to get in touch with the proper authority in order to let us have that information as soon as possible.

I now have the reply which is as follows:

1. The Canadian Government has no official relations with the World Association of Parliamentarians for World Government. The association, I understand, relies on the support of individual members of legislative assemblies in various countries.

2. The Canadian Government as such has not received a formal invitation to attend and does not expect to send official delegates to the association's conference next September.

DIVORCE

FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-219, for the relief of James Nelson LeBlond.

Bill SD-220, for the relief of Louise Auger Lecavalier.

Bill SD-221, for the relief of Marie Noella Therese Legault Lebel.

Bill SD-222, for the relief of Muriel Marguerite Elizabeth Ada Brant Yeaman.

Bill SD-223, for the relief of Marie Becherbleith Reicher.

Bill SD-224, for the relief of John Charles Underhill.

Bill SD-225, for the relief of Patricia Wirth Usher.

Bill SD-226, for the relief of Jean Audrey Vickers Mastro.

Bill SD-227, for the relief of Mary Rebecca Lafontaine Johnson.

Bill SD-228, for the relief of Jetti Edelstein Popowski.

Bill SD-229, for the relief of Jean Philippon.

Bill SD-230, for the relief of Sidney Schwartz.

Bill SD-231, for the relief of Kenneth Herbert Gregory.

Bill SD-232, for the relief of Barbara Crawford Bucci.

Bill SD-233, for the relief of Holger Madsen.

Bill SD-234, for the relief of Miriam Astrof Hymovitch.

Bill SD-235, for the relief of Margaret Welsh Clark Gray Perego.

Bill SD-236, for the relief of Eunice Joyce Stone Berwick.

Bill SD-237, for the relief of Rita Elizabeth Edwards Bryant.

Bill SD-238, for the relief of Mary Farrelly Crane.

Bill SD-239, for the relief of Margaret Eileen McKenzie Beauchemin.

Bill SD-240, for the relief of Jeanette Josephine Cools Cox.

Bill SD-241, for the relief of Geraldine Marilyn Woods Spencer.

Bill SD-242, for the relief of Mariette Giselle Denise Pesant Forget.

Bill SD-243, for the relief of Joy Diedre Shelly New.

Bill SD-244, for the relief of Muriel Ethel Serchuk Rutenburg.

Bill SD-245, for the relief of Deborah Barash Dindzik, Junior.

Bill SD-246, for the relief of Gladys Elsa Hannah Birnbaum Aston.

Bill SD-247, for the relief of Barbara Janet Dillane Barr.

Bill SD-248, for the relief of Giulietta Marcogliese Iacurto.

Bill SD-249, for the relief of Herbert Budd, Junior.

Bills read first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

CANADA-BELGIUM INCOME TAX CONVENTION BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-28, to implement a convention

between Canada and Belgium for the avoidance of double taxation with respect to income taxes.

Motion agreed to and bill read third time and passed.

CANADA-BELGIAN CONGO INCOME TAX CONVENTION BILL

THIRD READING

Hon. Mr. Aseltine moved the third reading of Bill 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.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

MID-CONTINENT PIPELINES LIMITED— SECOND READING

Hon. William R. Brunt moved the second reading of Bill S-15, respecting Mid-Continent Pipelines Limited.

He said: Honourable senators, this is a short bill, which deals with a Canadian company known as the Mid-Continent Pipe Lines Limited. This company was originally incorporated under the laws of the Dominion of Canada by chapter 68, statutes of 1952-53. The head office of the company is in the city of Regina, province of Saskatchewan.

This bill is a very simple one and therefore it will be necessary to give only a short explanation in connection with it.

Under clause 1 of the bill it is proposed to change the capital structure of this company. The share capital of the company originally consisted of 5 million shares without nominal or par value. Of the 5 million shares, 200,000 shares have been issued, so that the present proportion between issued and unissued shares is 2 to 48. Under this bill it is proposed to cancel 100,000 shares of the stock already issued and, in view of the fact that the shares held by each of the present shareholders of the company are held in even numbers, no question of fractional shares arises. Upon cancellation of the aforesaid 100,000 shares each shareholder will then hold one share for every two now held. It is then proposed, by clause 1 of the bill, to create an additional 100,000 shares without nominal or par value so that the capitalization of the company will remain the same, namely, it will consist of 5 million shares of which 100,000 will have been issued, and 4,900,000 will remain in the treasury. Under this proposed amendment the proportion between issued shares and unissued shares will be 1 to 49. The company feels that this is a necessary amendment and will assist it with the financing of its future operations.

Clause 2 of the bill is of more importance; it proposes three changes. Under the original act of incorporation this company was allowed to construct pipe lines and transport oil and gas within Canada. The company desires an extension of its powers so that it may be able to transport oil and gas outside of Canada as well as within Canada. To that end the company is now asking that clause (a) of section 6 of chapter 68 of the 1952-53 Statutes be amended by adding the words "or outside" after the word "within". If that amendment is made the company can then proceed to construct a pipe line, if necessary, outside of Canada.

The next change relates to the same clause, and the company is asking that the words "extra-provincial and/or international" be added, to the clause, which would then read in part as follows:

—and all interprovincial, extra-provincial and/or international pipe lines and all appurtenances relative thereto for gathering, transmitting, transporting, storing and delivering of natural and artificial gas and oil—

Actually this amendment will allow the company to construct and operate extra-provincial and international pipe lines for the transmission of gas and oil outside as well as within Canada, and being in addition to its present right of operating interprovincial pipe lines.

The right to operate interprovincial pipe lines is necessary if the company is to carry on a successful pipe line business, and "extra-provincial" is being added in order to give the company the right to transport oil and gas from wells in the Hudson Bay, which is not located in any province, and in the Pacific Ocean beyond the three-mile limit; and it would give greater clarity, so there would be no doubt that the company would have the right to transport oil and gas from wells in the Yukon and Northwest Territories.

Honourable senators, I come now to the third change which this company is requesting, namely, that the following words be deleted from the present act:

Provided that all pipelines for transmission and transportation of gas and oil shall be located entirely within Canada.

I am sure all honourable senators realize that this company can never have the right to transport oil to the United States as long as that clause remains in the act under which it was incorporated.

May I point out to honourable senators that this company has built and has in

operation a gas pipe line between the provinces of Alberta and Saskatchewan. The gas pipe line which it now owns and operates is used to transmit and transport gas from the Medicine Hat-Many Islands fields in Alberta and to feed it into the gas distribution system which is now operated by the Saskatchewan Power Corporation in the province of Saskatchewan.

Finally, I think I might advise honourable senators that all of the directors of this company are Canadians.

Hon. Gordon B. Isnor: Honourable senators, I am not clear on one question. As I understand it, under the amendment this company would be given authority to construct plants in the United States. In that case, would all the directors of the new operation in the United States be Canadians?

Hon. Mr. Brunt: Oh, no, I could not give any such assurance as that, because no doubt such an operation would be conducted by a subsidiary company, and I would think there would be at least some American directors on its board.

Hon. Mr. Isnor: That is the very point that is raised time and time again in regard to American companies operating in Canada. Here the situation is reversed, and I was wondering if the honourable senator was in a position to give us an assurance that there will not be a majority of American directors in the subsidiary company.

Hon. Mr. Brunt: I am sorry, I cannot give the honourable senator any such assurance. If the bill receives second reading I shall propose that it be sent to an appropriate committee and arrange to have appear before the committee some of the officers of the company.

Hon. Mr. Isnor: I have another question to ask: Would the Board of Transport Commissioners have control over the issuing of the licence, and if so how would that affect the American operation?

Hon. Mr. Brunt: The company would have to get permission of the Board of Transport Commissioners to export gas and oil, and the board would lay down the conditions under which the exporting could be done. If this bill passes, that will not give the company the right *ipso facto* to export gas and oil. The company would have to go before the Board of Transport Commissioners and obtain leave to export, and the board would impose the appropriate terms.

Hon. David A. Croll: When the bill was passed, in 1952, why were not these provisions included in the bill at that time to give the company the power it is asking for at the present time? If the honourable gentleman does not know the answer, I will expect it in committee.

In addition to that, I am somewhat confused about section 1 of the bill. I understand these people are asking us to change the par value per share. I do not quite know what right we have to interfere with the rights of shareholders. Just what this section means is not clear to me. If it means that we are by statute attempting to cut down the holdings of shareholders, even though the value may appear to be the same, that is one thing. If we are giving permission to the company to have a meeting of shareholders to do it, that is another matter entirely. The section may raise a matter that I have not heard raised in Parliament for a very long time.

Hon. A. K. Hugessen: Honourable senators, with regard to the question raised by the honourable senator from Toronto-Spadina (Hon. Mr. Croll), it seems to me to be quite clear from the bill that the company is proposing to ask Parliament to state that for every two shares each shareholder now holds he will in future hold one share. I think that will be proper, provided the company can establish to us in committee that all the shareholders have agreed to it.

Hon. Mr. Croll: That is my point. Watch out for that!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Transport and Communications.

PRAIRIE FARM ASSISTANCE BILL

SECOND READING

Hon. R. B. Horner moved the second reading of Bill C-40, to amend the Prairie Farm Assistance Act.

He said: Honourable senators, although I am confident that honourable senators thoroughly understand this measure and the many good features in the proposed amendments contained in the bill, perhaps it would be in order to give a short explanation of it, commencing with a brief history of the background.

In the great grain-growing parts of western Canada some areas have occasionally suffered drought and farmers have been left with insufficient return from their crops to pay taxes and expenses. When this act first came into being it was hoped that the 1 per cent levy on all grain sold—I say all grain, but until now flaxseed and rapeseed were exempt—would have been sufficient to cover

all disbursements. That has not turned out to be so. In the amendments proposed in this bill flaxseed and rapeseed are now to be subject to the levy. This was decided on because growers of those crops benefit under the act in a year of crop failure.

Some of the proposed amendments might result in higher costs but other amendments will probably bring about some reduction. A 1 per cent levy on flaxseed and rapeseed will add very greatly to the grand total because these crops are now grown in large quantity.

I might mention that there have been a great many complaints about the size of areas eligible for award. The complaints were to the effect that under the act the area to make a township eligible for award was too large. These amendments will reduce the area.

I will read section 6 as it will read according to the proposed amendment:

Nothwithstanding anything in this Act

(a) where a section of land, or a settlement or river lot in a group declared to be a township for the purposes of this act, or a block of sections or settlement or river lots in one or more of such groups, having a side that lies along the boundary of an eligible township, is determined by the board to have an average yield of eight bushels of wheat or less per acre, such section or settlement or river lot or block of sections, settlement or river lots is eligible for award as though it were a complete township;—

So much for the alterations to the areas.

There is one saving feature, that some money will be saved through these amendments. From time to time a good deal of dissatisfaction was caused by the fact that rain does not always fall evenly on an area, and in a particular area that was declared eligible for an award a farmer might have a 30 bushel per acre crop, but if that entire area was declared eligible he too received the payment. Now, according to the amendment, where there is a yield of 12 bushels or more per acre in a section, the farmer receives no payment, notwithstanding the fact that he is within the larger area which has been declared eligible for an award.

Another amendment in this bill is to cover, as an example, elevator men who operate farms in addition to attending to their duties at the elevator. Up to the present time owners of farms not actually living on the farms were ineligible to receive any payment. Farmers with other occupations, such as elevator-operators, who hired workers or themselves worked their farms nights and mornings, during all these years were paying the 1 per cent levy on the grain sold on their behalf, but, as I said, they were ineligible to receive any payment. That was considered unfair. Under the bill land owners in this class, apart from large mortgage companies and so on, will receive award payments as though they lived on the farm.

There have been complaints from farmers that the minimum area eligible, namely, one-half of a township, was too large. It is proposed by this amending bill to reduce the eligible area to one-third of a township. Other amendments of that nature, it is believed, will result in smoother operation of the act.

There is another provision in the present act to the effect that Crown lands acquired since 1940 were not eligible for an award. This bill will make Crown lands eligible. Many sections of land throughout the years have not been eligible for payments because a good deal of our land in Saskatchewan not considered good for wheat growing was transformed into pastures, but a great deal of this Crown land is really good producing land and grain grown on it has been paying the levy all along. This bill will enable awards to be paid. The thought here is that any additional costs by way of awards will be offset by the fact that the appraisers will be relieved of the difficulty and cost of obtaining information as to whether the land in question is Crown land or not. They have had to search titles and all that sort of thing, so it is considered that this amendment will not add any cost and will, on the other hand, make the act more convenient to administer.

Coarse grains are to be eligible in areas where less than 10 per cent of the area is sown to wheat. Oats, barley and coarse grains are to qualify in the same manner as wheat. Oats and barley have been paying the 1 per cent levy, and by this bill flaxseed and rapeseed are to be subject to the 1 per cent levy, as I pointed out before.

All the amendments are self-explanatory and honourable senators will, I think, readily understand the purpose of them. If there are any questions honourable senators would like to ask, I think possibly I have the answers. I do not know that it is necessary to send this bill to committee, but it will be all right to do so if that is the wish of the house. However, I believe it could very well receive third reading tonight.

Hon. John T. Haig: I would like to have this bill referred to committee. Our province of Manitoba has a little trouble; we are big payers of this levy and very small receivers. If it goes to committee we can find out a little information about that.

Hon. Mr. Horner: I can tell you.

Hon. Mr. Haig: Can you tell me what Manitoba received each year for the last 20 years? Can you tell me how much Manitoba paid

and how much it received? How much Saskatchewan paid out and how much it received? How much Alberta paid and how much it received?

Hon. Mr. Horner: You want to show your province in the black. Your province is not in the red, I can tell you that. The total levy that has been taken from farmers on their grain sold amounts to $103,436,470. The disbursements are considerably more than that, but, as I said, it was hoped in the beginning that that would not be the case.

Hon. Mr. Croll: Is $103 million a levy or the total collection?

Hon. Mr. Horner: The total collection of $103 million comes from the farmers on the sale of their grain.

Hon. Mr. Croll: Did I not understand the honourable senator to ask for the total disbursements?

Hon. Mr. Horner: No, the total receipts.

Hon. Mr. Haig: Let me ask this question: what share of the $103 million did the province of Manitoba contribute, and how much did it receive out of it? How much did the provinces of Saskatchewan and Alberta each contribute, and how much did they receive?

We in Manitoba are having a little trouble over this bill. It has been a bone of contention among our farmers for years—I am not a farmer and I do not pretend to know all the facts; I only get them second hand—it has been a bone of contention that Manitoba does all the paying and some other provinces do all the receiving. Now I would like to know if that is true or not. I don't care whether Manitoba pays more than its share or not, but as a senator from that province I would like to know the facts, so that when a farmer comes to me and asks whether it is true that Manitoba paid in, say, $40 million and got out $9 million, whereas Saskatchewan paid in $20 million and drew $50 million, I want to be able to answer him intelligently. I think there will be some questions asked by our farmers over this legislation.

The farmers of my province believe in insurance; they know that in any insurance scheme such as this the man who suffers the loss gets paid, and everybody pays a basic premium rate. But that is not quite what is done here. In this case the money is taken from each province, good, bad or indifferent, on the basis of qualifying by townships. In my province the townships do not have the right to qualify. If it were on the basis of sections instead of townships, we might be better off.

These are things I want to know, and surely I am entitled to ask about them without being joshed and accused of doing something improper.

Hon. Mr. Horner: I will tell the honourable senator.

Hon. Mr. Haig: All I am asking now is that the bill go to a committee where the officials can be called to tell me what I want to know.

Hon. Mr. Horner: I will tell you, if you will just allow me. The total amount collected from Manitoba is $15,520,884.45; that province received $1,504,739. But under the amendments now proposed, as you will see, you will get benefits for your flooded land.

Let me point out to you that the province of Manitoba is still part of western Canada, and this is a co-operative scheme. You in Manitoba have been fortunate. We in Saskatchewan have had to pay freight across your province; and even now when we are shipping grain through Churchill it costs us 15 cents more, and you in Manitoba get the benefit of that. We give it to you.

Hon. Mr. Crerar: No!

Hon. Mr. Horner: This is a co-operative business, and the honourable senior senator from Winnipeg (Hon. Mr. Haig) should consider himself fortunate that he lives in Manitoba.

Hon. Mr. Haig: I don't object; I am just asking for information.

Hon. F. W. Gershaw: Honourable senators, I wish to add a few remarks to the discussion on these proposed amendments.

I quite agree with the honourable sponsor, that the amendments are going to greatly improve the present legislation.

The Prairie Farm Assistance Act was set up as a relief measure in 1939 and has operated continuously ever since. To put it in simple terms, it operates this way: the farmer who has less than three bushels per acre gets $4 an acre on half of his cultivated acreage up to 200 acres; on a crop from three to five bushels per acre, he receives $3 an acre on half of his acreage up to 200 acres; on from five to eight bushels, he gets $2. So on that formula the most he can receive is $800.

The figures given in the other house show that since the inauguration of this legislation some $202 million has been paid out to the benefit of the farmers. In that time the farmers have paid a levy of 1 per cent on all grains, which amounted to $103 million. Therefore, about half the benefits received were paid by the farmers themselves.

As I said earlier, this has been a continuing operation. In 1949, when there was a rather poor crop, $22 million was paid out. In 1954 some $33 million was paid out, being the highest amount for any one year. This year the Prime Minister indicated that it might run as high as $50 million; he later estimated it to be probably $39 million. It may now be even less than that amount, in spite of the fact that the passage of these amendments will increase the amount to some extent.

As the honourable senator from Blaine Lake (Hon. Mr. Horner) has said, this legislation has been a great blessing to many people, but it still is a cause of a great deal of frustration and disappointment. Often there is trouble about delay in getting paid; at times disputes arise about the exact yield and about the eligibility of certain areas for the bonus payments. For instance, a farmer in an eligible area, with a crop of 9 or 10 bushels per acre, will get the bonus, while a farmer with two or three bushels per acre in an ineligible township may not qualify for payment. These proposed amendments would put the benefits on a more equitable basis, by dealing with smaller areas rather than big townships. For instance, as the legislation now stands, when a flood condition exists in three or four sections the farmers in that area do not qualify; benefits are not paid in areas of less than six sections.

What the farmers cannot understand is—and the question was raised here tonight—why the matter is not dealt with on an individual basis, so that the man who has a poor crop can get the dry bonus and the man who has a big crop does not get it. But that seems impossible. The previous Government would not allow it, and the present Government has not proposed it. It should be remembered that this is not a crop insurance proposition and never was intended to be such. It is said that an arrangement for dealing with each farmer individually would be too expensive. Perhaps that is true, although in Alberta and Saskatchewan the average farm has 537 acres. It has been recognized all along that isolated cases must be dealt with by the municipalities.

The minister is hopeful that some system of crop insurance could be put into effect by which the farmers would benefit. We in western Canada wish that could be done, but it appears to be a difficult proposition. In the first place, apparently it is *ultra vires* of the dominion.

Hon. Mr. Croll: Did I understand my friend correctly to say that it is *ultra vires* of the dominion?

Hon. Mr. Gershaw: Yes. Saskatchewan assumed the responsibility and made certain investigations into the whole field, but has now decided against it. Alberta considered it from a provincial standpoint, but has done nothing. The province of Manitoba sent delegates to Ottawa and to the United States to consider crop insurance, but nothing has been done about it.

I can understand why Manitoba is particularly interested in this legislation. Up to 1955 that province paid in $13 million and received back only $8 million; Saskatchewan paid in $48 million and got out $126 million.

Hon. Mr. Haig: That's what I thought.

Hon. Mr. Gershaw: We are a little more modest in Alberta: we paid in $24 million and got out $42 million. Certainly Manitoba has paid more than it has received.

Hon. Mr. Haig: Did you include in those figures the land that the Government put in?

Hon. Mr. Gershaw: Oh, yes. During those years the dominion Government paid almost two-thirds, and then three-fifths, and at the present time it is paying about one-half. That money goes into a fund, out of which the inspectors and farmers are paid.

As the record shows, and as this legislation indicates, crop failures occur in the west from year to year and bring great poverty and despair. Food is the commodity that is produced out there, and whenever the food supply fails the population dwindles and may even move by mass migration. That has happened in several places. There is nothing more depressing than the sight of a deserted farm. Someone has said:

> The house that has echoed a baby's laugh,
> And held up his stumbling feet
> Is the saddest sight when left alone
> That ever the eye shall meet.

That has happened in some cases in the west, where they have what they call black blizzards, and on account of the drought the soil becomes powdery and crumbles and blows away in the dust storms. This results in drifts of soil and seed and brings very serious trouble. At one time in the 1930's there was no food for the cattle and half a million head of cattle had to be moved out of the west altogether. They were sold for from half a cent to one cent per pound, and the result was that the breeding herds disappeared and thousands of cattle were ruined.

The Prairie Farm Assistance Act is one measure designed for helping the farmers in the west, but there are other measures that can be helpful too. For instance, irrigation has been a great blessing to many westerners. It takes 40 acres of range land to feed one steer, but if those 40 acres are irrigated they will provide enough food for 10 head of cattle. The sparsely-settled districts are inhabited by two to three people per square

mile, but when the land, or a portion of it, is irrigated, the population increases to, say, 48 people per square mile. Under these last conditions there is a chance to establish schools, churches, hospitals, telephone communication, and so on, and the people are able to enjoy some measure of community life.

There is another advantage. Wheat is the most drought-resistant crop we have and that is why many westerners specialize in wheat farming, but in irrigated areas the farmer can also grow alfalfa, peas, beans, carrots—vegetables of all kinds—and fruits and flowers. He can raise livestock and poultry and have all the protecting foods that anyone needs.

Then there is another consideration. West of Alberta are the Rocky Mountains and a lot of mountain streams flow down the eastern slope of the Rockies: the Red Deer, the Bow, the Waterton, St. Mary's, the Milk River and others. Some of the water from these rivers can easily be dammed up in reservoirs and used to irrigate much of the adjacent land. Of course, these reservoirs cannot irrigate land that is too far away, for if water has to travel too far in these ditches there is a tremendous loss from seepage and evaporation. The St. Mary's River dam, which is one of the largest we have, is situated 30 miles south of Lethbridge, within the very sight of the foothills of the Rockies. This huge reservoir, which irrigates approximately 425,000 acres of land, was built at a cost of about $40 per acre. The Bow River system, which irrigates about 180,000 acres, was put in at a cost of about $22 to $25 an acre. The Red Deer system, which irrigates some 400,000 acres, cost $10 million, about $25 per acre, to put into operation. So some of these schemes have been put in at a relatively low cost and have been very essential to the life out there. Some years ago the Meek Report was published in which it was said that a farmer could not prosper if it cost him more than $25 per acre to operate his farm. Since then a lot of land referred to in that report has been sold as cheaply as $12 per acre. But not all the schemes have been successful and many farmers are still having a pretty hard time.

Hon. Mr. Macdonald: Who paid for the cost of putting in these systems?

Hon. Mr. Gershaw: The dominion Government paid for the main reservoirs and connecting canals, and the money spent for this purpose is not recoverable. The province distributes the water from the main canals and recovers what money it can from the farmers. It is a three-way proposition.

In the early days of the century some British businessmen invested $14 million in an irrigation scheme in western Canada. They never received any dividends and about three years ago they sold out to the dominion Government for $2¼ million, and they were glad to get out.

Then the C.P.R. irrigated 250,000 acres of land in the Western Irrigation District. The farmers didn't think they needed the water and the ditches gradually filled up, and today there are 50,000 acres of irrigated land out there. It has been a tremendous loss to the C.P.R. The Eastern Irrigation District, which has been a reasonably successful one, was put in by the C.P.R. They kept working it for a long time and were losing money. Finally they said to the farmers, "We will give you the whole project" and the farmers said, "Oh, no, you give us $300,000 in cash money and we will take the project."

The University of Alberta published a pamphlet recently on this subject, and they referred to some other irrigated districts which have not been successful. They indicated they have read the Prairie Farm Assistance legislation and they find that some areas have a crop failure at least three-quarters of the time, or in 75 per cent of the cases, and that irrigation or some other means should be provided to give the people in those areas a good living.

What I am urging is that these irrigation schemes and this Prairie Farm Assistance legislation have been in operation quite a while and that the time has come when they should be re-assessed. There should be a complete investigation. Perhaps this could be done by the Senate's Special Committee on Land Use in Canada. Whatever investigation is made, the irrigation engineers and the people who actually live in and manage those districts in the west should be consulted. They know the difficulties of looking after the crops out there, and how uncertain conditions are. I refer to men like Ted Salter, Mr. Main, the Hon. Mr. Taggart, Carl J. Anderson, and a number of others.

In any review of the situation an estimate should be made of the amount of water available for irrigation purposes, just what land can be profitably irrigated, where the land can be irrigated by use of gravity, and where pump lifts must be installed to get the water onto the land. Then something must be done about types of land. Some land needs to be irrigated, some land needs to be put into community pasture, and some land should be abandoned altogether. Irrigated land requires a special type of farming and the farmers who go on the land require some special training. There should be some demonstration plots, so that the best

farming practices could be tallied up. Perhaps each farmer should have an irrigated plot and some dry land.

Again, the question of capital cost has to be considered. The schemes I have mentioned cost from $25 to $40 per acre, and even that is pretty high. Then it has to be decided what proportions are to be paid by the dominion Government, by the provincial Government, and by the farmer, for it has been well established that in Canada as well as in the United States the farmer cannot pay the capital costs of bringing water to his land.

There is one other problem, and it is the main one I have in mind. Something has to be done to obtain markets for the products. Splendid crops can be produced on irrigated land, with adequate sunshine, and when the ditches are put in the district should not be deserted. It is also necessary, in order to have the products available all the year around, to have canning factories, processing factories, storage factories, and refrigeration for crops that are grown for sale.

In Canada practically everybody uses sugar, yet only 20 per cent comes from homegrown beets. In this land where there is so much sunshine and where beets have so high a sugar content some arrangement should be made whereby we would use more sugar produced from beets and less imported cane sugar. Men and women who live on sugar farms work long hours and very hard, and it seems that a reassessment should be made to enable them to continue to enjoy the charms and contentment of rural life. These people should be relieved of the constant fear of disaster and given some assurance against complete failure of crop.

Hon. Mr. Horner: Honourable senators, I have a correction to make. I stated that the entire benefit payments for Manitoba for the years from 1939 to 1958 were $1,504,739. I inadvertently read the figure for 1957 only. The figure I should have given is $13,731,544.27.

I should point out, of course, that the total payments are not yet assessed for 1958, but collections have been made for grain already sold. The farmers have not received their full settlement from the companies. When that occurs, Manitoba may again be in the red this fall.

Hon. Mr. Crerar: What are the figures for Saskatchewan?

Hon. Mr. Horner: The total amount collected from Saskatchewan is $58,416,367.39.

Hon. Mr. Crerar: What is the total amount that Saskatchewan received?

Hon. Mr. Horner: $138,440,766.08.

Hon. Mr. Crerar: And what were the total payments to Alberta?

Hon. Mr. Horner: $49,358,157.30.

Hon. Mr. Croll: Honourable senators, may I suggest that in order that the rest of us may be able to follow these figures, the tables be put on *Hansard*?

Hon. Senators: Agreed.

See appendix to today's Hansard, *pp. 430-1.*

Hon. Mr. Haig: I had one or two questions to ask, but I was interrupted. I understood the honourable senator from Blaine Lake to say that Manitoba paid in $13 million and got $18 million.

Hon. Mr. Horner: Oh, no.

Hon. Mr. Haig: Let us get the exact figures from the officials. What is there to hide? Surely this house is fair enough to let the province of Manitoba know what they are paying? The figures from this report are being given haphazardly. I want exact figures that I can rely on. If it is not desired to give the figures, I can get them from the officials. I think I am entitled to what I am asking for.

Hon. T. A. Crerar: Honourable senators, I suspect that a good deal of the information that is being sought will be found in the last annual report on the administration of this act, although I do not know, because I must confess that I have not looked at it.

There are a few features of this legislation which probably might be worth consideration. This act has been in effect for about twenty years, and was enacted by a Liberal Government, which was generally regarded as a good government—and I do not deny that, honourable senators, because I was a member of it at that time. At first the act was viewed more as a relief measure. Members of this honourable house who were not familiar with the conditions in the Prairie provinces in the black thirties, as they are now universally called, have little comprehension of the condition of a very large section of agriculture in the west during those years. Relief was paid out in large measure by the administration of the late Lord Bennett, when he was Prime Minister of Canada. After that, consideration was given to finding a formula, if possible, that would obviate the need of passing legislation session by session for relief, and thus this Prairie Farm Assistance Act was evolved. The principle upon which it was based was that if in any year crop yields declined below a certain point over a certain acreage, the Prairie Farm Assistance Act would come into operation on

the scale of relief that was worked out. As is inevitable in all legislation, it is impossible to see when it is being drafted what the ultimate consequences of it will be. Indeed, I sometimes think that the real test of statesmanship among legislators is their ability to foresee what the consequences will be, ten or fifteen or twenty years from now, of the acts they do today.

That, to my mind, is the very essence of statesmanship. Of course I am bound to say that I for one never expected that this thing would grow to the degree it has.

The honourable senator from Blaine Lake (Hon. Mr. Horner), who explained this bill, told us that the total benefits paid out over the 20 years was approximately, or a little in excess of, $200 million. By simple arithmetic that means an average of $10 million a year.

It is a fact that from 1940 or 1941 down to the present year crops in western Canada as a whole have been above average. Indeed, the degree to which we grew grain successfully over that period of around 15 or 16 years contributed to the problem of the western farmer from another angle. It created surpluses. Parliament has been wrestling with these surpluses, and we are paying out quite substantial sums every year from our treasury to help carry them. So, we have this rather anomalous situation, that if we get big crops and build up surpluses the federal Government has to assist in carrying them, and if we get light crops, or no crops, the federal Government also has to pay on that account.

I do not want this to be taken necessarily as a criticism of this bill, but I do think the time has come when we should have a new look, a fresh look, at this whole problem.

It is quite true that you might have a very good crop over the vast extent of the western prairies and still find some locality here, there or elsewhere where the crop was a partial faiure; but, generally speaking, —I think my honourable friend from Blaine Lake will agree with this—that situation has not obtained in any substantial degree over the last 15 years during which we have had, as I said a moment ago, unusually good crops.

I recall the early days. Crop failures are not something of recent origin. Bear in mind that for 70 years farmers have been growing grain in the prairie country, and for the last 60 years in very large and ever increasing measure. There were occasions in the early years when we had crop failures, but in those days we had a little different outlook. I venture to say there was a little more self-reliance then; there was no fairy godmother of a Government to come along and pull farmers or anyone else out of the hole, if they happened to drop into it a bit. They had to struggle out of it themselves. However, we are in the modern concept that has developed over the years. Governments are now looking after the farmers. I sometimes think that if I live for another 25 years, as I think the honourable senator from Hanover (Hon. Mr. Brunt) will, we may well see further great transformations from what we see today.

Hon. Mr. Brunt: I can only hope that you will be here then.

Hon. Mr. Crerar: Twenty-five years from now the Government may well be looking after every one of its citizens and telling them what they should do, because the latter unquestionably must follow the former.

But coming back again to the bill: it extends the benefits. By that I mean that under this bill we increase the amounts that will be distributed.

Hon. Mr. Horner: The awards will be curtailed in some instances.

Hon. Mr. Crerar: In one instance.

Hon. Mr. Horner: That is a very important one. I think it will make a great difference.

Hon. Mr. Crerar: But I think the general effect of it will be to broaden the benefits of the legislation. That may or may not be a good thing. If we are going to have legislation of this kind it may be a good thing.

There is another feature of this bill that interests me very much. I agree with my colleague the senior senator from Winnipeg (Hon. Mr. Haig) that Manitoba has paid into this fund more than it has received out of it.

Hon. Mr. Horner: When this year is over it may be about equal.

Hon. Mr. Aseltine: What is wrong with the farmers of Manitoba paying in more than they got out of it?

Hon. Mr. Crerar: Well of course, that is the principle embodied in this law. My honourable friend the Leader of the Government (Hon. Mr. Aseltine) evidently thinks that principle should have a wide application, and it certainly has in this bill. But there are districts in Manitoba that have never had a crop failure.

Hon. Mr. Aseltine: We have some such areas in Saskatchewan too.

Hon. Mr. Crerar: Well, that kind of a district pays the shot for the benefits that go to the farmer who is growing grain in an area where he should never have been growing grain at all. If a farmer by his

free choice goes to a district where he knows that the crops may be uncertain, where drought is liable to strike, is it the fault of society that he does that, or is it his own fault?

Hon. Mr. Horner: The honourable senator knows there are districts where that occasionally occurs, and in some of the best parts of western Canada.

Hon. Mr. Crerar: I know that and I know in those particular districts if you get three good crops you can stand one poor one.

Hon. Mr. Horner: Well, you paid for it in your levy.

Hon. Mr. Crerar: The levy is paid, of course.

Well, I am interested in farming in Manitoba, and when I bought land I tried to use ordinary good sense in its selection, and there has never been a complete crop failure yet on it. But I may remind the honourable senator from Blaine Lake that I paid for that benefit in the price I gave for the land. And after all that, the Government in its wisdom comes along and in effect says, "Well, you must make your contributions to this individual who has gone to the sand plains and is trying to farm on a sand hill." Now, there is an element of injustice in that.

Hon. Mr. Horner: What is unusual in that? We do it in other forms of taxation and in every other line. I can see nothing unusual about that principle at all.

Hon. Mr. Crerar: Honourable senators, it grieves me sorely to see the distance down the socialist road that my honourable friend from Blaine Lake has travelled.

Some Hon. Senators: Oh, oh.

Hon. Mr. Crerar: When I first came to this house I thought there was no greater champion of free enterprise than my honourable friend. How he has changed! It is sad to contemplate.

I come back to the bill. It contains discrimination in another way. Western Canada is not he only part of the country where farmers have crop failures from drought and other causes. I read with interest yesterday or today that the heaviest rainfall on record for the month of July has happened in these regions this month, and this at a time when farmers are putting up their hay.

Hon. Mr. Brunt: To what district does my friend refer, the whole of Ontario or the Ottawa Valley district?

Hon. Mr. Crerar: I am speaking of the district from Ottawa to Montreal, if my honourable friend wishes to be precise in the information he receives.

Now what happens if this hay crop is lost, as I am sure much of it will be?

Hon. Mr. Hugessen: Let Manitoba pay for it.

Hon. Mr. Crerar: I will be kind enough to say this: whatever measure this Government may introduce, I do not think it would try to saddle Manitoba with that loss.

What about the farmers in Nova Scotia who may lose an apple crop, or the fishermen in Newfoundland or elsewhere who may have a bad year? What about the thousands of individuals in our society who run little businesses and who, because of conditions beyond their control, operate at a loss? What about the thousands of bankruptcies that have taken place in this country over the past few years? Is the Government justified in saving the farmer from bankruptcy, and not saving the small merchant on the corner who has gone behind and lost all the money he put into his business?

Honourable senators, I am making this statement, and I suspect some of my friends from western Canada will accuse me of being a traitor to the farmers' interests—which accusation, I may say, does not bother me the slightest. I say you can't have legislation of this kind without discrimination; and, as a principle in government, discrimination between citizens is an evil thing, wherever it is found. If we are to maintain what we call our democratic freedoms, that cannot be done by following this road.

If we want a crop insurance scheme for the farmers of western Canada, this has merit, and is well worth consideration. But if we do have such a scheme there will be those who will clamour to have the Government pay the premiums, and there may be some honourable members sitting in both houses of Parliament who will probably support the idea. As I say, you might have such an insurance scheme, but I recognize the difficulty of working it out. It might be a good idea to have the farmers pay the premiums of such a scheme into a central fund which they themselves controlled, something like a mutual fire insurance company. In any event, I would hope that with such a scheme Governments could be kept out of it. To me it is an amazing circumstance the degree to which our Governments are getting involved in everything. Soon we will expect them to do everything for us. We will lose our self-reliance, and then we will really be ripe for the socialist state.

I do not wish the house to get the impression that I am necessarily opposed to this bill, in what I have said.

Hon. Mr. Aseltine: What?

Hon. Mr. Crerar: My honourable friend the Leader of the Government laughs. True, I have offered some criticism, not so much of this bill, but of the whole legislation it seeks to amend. I do feel that the suggestion made by our honourable colleague from Medicine Hat (Hon. Mr. Gershaw), that this whole matter should have a fresh survey, is a good suggestion. We cannot continue indefinitely paying these benefits out of the Treasury to western farmers and deny it to the farmers of other provinces, whose farming operations are of a different kind.

Hon. Mr. Horner: We are not denying it. The other provinces are getting help. They are getting the freight paid on our western grain.

Hon. Mr. Crerar: It is true the other provinces are given help in that way. But I come back to my point that, in my judgment, you cannot allow discrimination to continue permanently. That is why I heartily support the suggestion that, perhaps by a committee of this house if no other way can be found, this whole question should be examined afresh and efforts made to work out something that is sound in principle and equitable in the distribution of its benefits.

Hon. W. M. Aseltine: Honourable senators, I do not intend to speak at any length on this bill. The honourable senator from Blaine Lake (Hon. Mr. Horner) and the honourable senator from Medicine Hat (Hon. Mr. Gershaw) have explained the bill fully and intelligently.

I am quite sure that passage of these amendments will not mean that this legislation will cost the country any more than if they had not been passed. The fact is that up to the present time flaxseed and rapeseed growers have not been paying the 1 per cent levy, and there are great acreages of these crops in western Canada.

Hon. Mr. Crerar: But that acreage will derive the benefits.

Hon. Mr. Aseltine: That acreage has been getting the benefits up to the present time, provided it was in a low wheat production area, but made no contribution. In other words, the 1 per cent levy was not paid on the flaxseed and rapeseed marketed. For that reason, I cannot see why these amendments will mean any greater cost to the country.

Another point was brought out by the honourable senator from Medicine Hat, namely that there was some dissatisfaction with the manner in which the payments were made in two instalments, one in December and the other in the next year. I understand the bill as presented provides that all payments will be made in December.

May I say I am in sympathy with the position taken by the honourable senior senator from Winnipeg (Hon. Mr. Haig) with respect to Manitoba. If I remember correctly, none of the land in which I am interested in Saskatchewan has ever qualified for assistance under the Prairie Farm Assistance Act; although we have been paying the levy for 20 years, neither the people who operate the farms for me nor I have benefited at all.

Hon. David A. Croll: Honourable senators, it is not usual for me to speak to a bill headed "Prairie Farm Assistance Act" but I have enjoyed this debate, particularly the byplay of the honourable senior senator from Winnipeg (Hon. Mr. Haig) and the honourable senator from Blaine Lake (Hon. Mr. Horner). I realize it is not a private fight and I can get into it if I want to.

Hon. Mr. Haig: Come on in, the water is fine.

Hon. Mr. Croll: I rise because of the fall from grace of my honourable friend from Churchill (Hon. Mr. Crerar), who took occasion tonight to point to the fall from grace of the honourable senator from Blaine Lake, who used to be the great free enterpriser in and outside of this house. But the honourable gentleman from Churchill, I think, forgot that it was during the time he was in office, when he held a cabinet post, that the Prairie Farm Assistance Act was brought into being.

Hon. Mr. Crerar: I mentioned that at the outset of my remarks.

Hon. Mr. Croll: Then it merely adds to my argument that he too has changed his mind. I made a quick calculation, and from the figures at my disposal I was able to find that this assistance to farmers cost the country $202 million in 20 years. We collected from the 1 per cent levy a total of $113 million. Thus in 20 years the net cost has averaged nearly $5 million a year. That is the cost of one jet plane, that's all. That is what we are talking about. We have no hesitation in spending billions on defence, yet we quibble about $5 million a year to needy farmers.

Hon. Mr. Macdonald: That was not the cost 20 years ago.

Hon. Mr. Croll: That is what it is costing us today, $5 million a year.

Hon. Mr. Macdonald: $5 million would have bought many planes 20 years ago.

Hon. Mr. Brunt: They didn't have jet planes 20 years ago.

Hon. Mr. Croll: The cost today is $5 million, and what it was many years ago wouldn't matter.

Hon. Mr. Aseltine: That is the average over 20 years.

Hon. Mr. Croll: Yes, and it seems to me that is cheap enough. What troubles me—and I would like an answer from the honourable senator from Blaine Lake—is that at the present time we have hail insurance and calamity insurance. As a layman I do not understand why we have not got crop insurance. If a Government can insure household mortgages why can't it insure crops?

Hon. Mr. Macdonald: The householders pay for the full insurance.

Hon. Mr. Croll: The farmers are paying a 1 per cent levy for the benefits under this act.

Hon. Mr. Macdonald: But the householder pays the full cost of his insurance.

Hon. Mr. Croll: He may and he may not. I am not so sure he does. We have not had calamities such as farmers have encountered. We may never have them. We have had 10 years of mortgage insurance in this country and we have had to pay out in only one or two instances. Consequently we have been able to build up a surplus fund. There is a premium that the farmer could pay, even if it isn't 1 per cent it could be 2 per cent.

Hon. Mr. Macdonald: Under this bill are you suggesting that premiums should be increased?

Hon. Mr. Croll: I am suggesting the premiums should be paid by all farmers. Let them all pay.

Hon. Mr. Macdonald: All over Canada?

Hon. Mr. Croll: Yes, certainly, and benefit. The honourable gentleman from Blaine Lake is quite right: whereas there are no benefits for Ontario and Quebec and the Maritimes under this bill, there are other benefits that come to us at various times. I heard about it in the House of Commons. I heard about the wheat that was supplied by the western farmers at a low price during the war, which provided us with cheap bread in the east. We were told this was a sacrifice on the part of western farmers. When they added it up it came to an astronomical figure, and somebody said "You had better vote this $63 million, because if you don't it will cost you $263 million." And I voted it. I thought I was getting off cheap. These are the things we have to give consideration to. I am intrigued and concerned as to why these farmers have not got insurance on their crops in the same way that other parts of the economy are protected. If people can come to this Government and ask for business insurance—and that is what a tariff is—why can't farmers get crop insurance? Let us all pay. I don't know what the premium needs to be. I do not know what it is, and that is why I would like to hear about it from the honourable senator from Blaine Lake.

Hon. Mr. Horner: I understand that a study is being made in this respect at the present time, and the farmers of western Canada hope to get full farm insurance legislation in operation as soon as it can be worked out.

Hon. Mr. Croll: That is a promise?

Hon. Cyrille Vaillancourt: The sponsor of the bill (Hon. Mr. Horner) said that eastern farmers receive a kind of bonus for transporting wheat.

Hon. Mr. Aseltine: Not wheat, feed grain.

Hon. Mr. Vaillancourt: For second-grade feed grain for cattle and hogs farmers in Quebec, Ontario, and the Maritime provinces pay 10 cents more than the world market price for feed grain.

Hon. Mr. Horner: I have never been quite able to understand that myself, but I merely remarked that the price of our grain for feeding purposes will be coming down again.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Horner: If it is the wish that this bill go to a committee, I suggest it go to the Banking and Commerce Committee.

Hon. Mr. Crerar: I think that would be a good idea.

Hon. Mr. Brunt: Agreed.

On motion of Hon. Mr. Horner, bill referred to Standing Committee on Banking and Commerce.

ANIMAL CONTAGIOUS DISEASES BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-41, to amend the Animal Contagious Diseases Act.

He said: Honourable senators, in moving second reading of this bill to amend the Animal Contagious Diseases Act I wish to make a brief explanation of the amendment—which has two purposes: One is to permit payment of compensation at market value for cattle slaughtered in controlling an outbreak of a serious animal disease which was not normally present in Canada; the other is to raise the statutory maximum compensation

rates for cattle ordered slaughtered in connection with area or herd eradication programs for such diseases as tuberculosis and brucellosis.

Section 11 of the act reads as follows:

The minister may, from time to time, cause to be slaughtered animals suffering from infectious or contagious disease or suspected of being so affected and animals that are or have been in contact with or close proximity to a diseased animal, suspected of being affected by infectious or contagious disease.

This section gives the minister the necessary authority to order the slaughter of animals.

Subsection (1) of section 12 authorizes the minister to order compensation to be paid to the owners of such animals, and subsection (2) of that section establishes the basis of compensation. The authorized compensation to be paid is the market value of the animal except in the instances of horses and cattle, for which maximum compensation amounts are specified by paragraphs (a) and (b).

The amendment, which is to paragraph (b), limits the exception in the case of cattle slaughtered pursuant to any area or herd disease eradication program. The effect of this will be to permit payment of compensation at market value in such circumstances as the foot and mouth outbreak in 1952. While such circumstances are rare, I am sure honourable senators would agree that in those instances the owners of cattle which are ordered slaughtered should receive full compensation for them.

The most important impact of the amendment will be in relation to compensation paid under the tuberculosis and brucellosis eradication program. At the present time the maximum compensation is $100 for purebred animals and $40 for grade animals. The amendment will increase those maximum figures to $140 for purebreds and $70 for grades.

The restricted area plan for tuberculosis was introduced in 1922. Areas are established, usually counties in eastern Canada and municipalities in western Canada, on the recommendation of a provincial minister of agriculture and following a request to him by a majority of the cattle owners in the area. All the cattle in the area are then tested for tuberculosis, reactors are removed from herds and if the incidence of tuberculosis is below one-half of one per cent the area is accredited. There is also an individual herd plan, known as the accredited herd plan, which operates on a somewhat more stringent basis and which is also entered into voluntarily by herd owners.

All sections of all provinces are now included in tuberculosis restricted areas. The programs have virtually eliminated tuberculosis from Canadian cattle herds. As an illustration of that, the incidence of tuberculosis in cattle tested has declined from 4 per cent at the start of the program to only slightly over one-tenth of one per cent last year.

A similar program for the eradication of brucellosis, or Bang's disease, was introduced in 1957. Today it operates practically from coast to coast, and in one or two of the western provinces the first tests have only been made this week.

As I have stated, under the amendment the maximum compensations are raised from $100 to $140 for purebred cattle, and from $40 to $70 for grades. The present rates of compensation have been in effect since 1923. Everyone will agree there has been a great change in the price of cattle from 1923 to the present time.

I think the last part of paragraph (b) of section 1 of the bill calls for some explanation. It reads as follows:

—and if the sale of the carcass is unlawful an additional amount for purebred and grade animals equal to the value the carcass would have if the sale were lawful—

As I mentioned earlier, if an animal is ordered to be slaughtered under the tuberculosis or brucellosis eradication programs the owner is required to dispose of it for slaughter and he receives the slaughter value. All such animals are directed to plants operating under federal meat inspection, where they are subjected to veterinary post-mortem examination. When the infection is limited the infected portions are condemned and the balance of the carcass is eligible for sale.

The effect of the last part of section 1 is that if the infection is sufficiently general as to require the entire carcass to be condemned an additional compensation may be paid to the owner to the value the carcass would have had if it had not been condemned.

Hon. Mr. Macdonald: Is that in the bill?

Hon. Mr. White: Yes.

Hon. Mr. Burchill: That is in addition to the $140?

Hon. Mr. White: Yes, in addition to the $140.

Section 2 of the bill provides that the amended compensation rates will become effective on April 1, 1958. The reason the amendment is made retroactive to that date, I am advised by the officials of the department, is that the testing commences generally on April 1, and the veterinarians from the department move from farm to farm, so the individual farmer has no control or say when his cattle will be tested. It would

hardly be fair that because some farmers were fortunate enough to have their cattle tested after the act came into force they alone should receive the higher rates. The Government felt that, to be fair to all, the amendment should be made retroactive to April 1 of this year, and then it would cover all the testing for 1958.

Honourable senators, I have a few figures from the department as far as brucellosis is concerned.

Hon. Mr. Aseltine: Put them on the record.

Hon. Mr. White: I just want to give the total figures.

Brucellosis: For the first year, in the period from April 30, 1957 to April 30, 1958, when all the provinces were not covered, the number of reactors was 466, and the compensation paid was $24,470. In the last three months, from April 30, 1958 to June 30, 1958, the number of reactors was 1,415; compensation paid, $74,035.

Tuberculosis: In the period from April 30, 1957 to June 30, 1958, in the whole dominion, 2,311 reactors; compensation paid, $110,020. In the period from April 30, 1958 to June 30, 1958, 460 reactors; compensation paid, $26,798.

Hon. Mr. Macdonald: Is that on the basis of the new bill?

Hon. Mr. White: No, that is on the basis of the present act. There is nothing published on the new bill.

Hon. Mr. Hugessen: The compensation will be increased?

Hon. Mr. White: Yes.

Hon. Austin C. Taylor (Westmorland): Honourable senators, I should like a little clarification with regard to the first part of paragraph (b) in the amendment, but first of all I will give a brief review of the activities of the various governments as regards the disease known as brucellosis. We all recognize that for many years, under the Animal Contagious Diseases Act, compensation has been paid in the elimination of diseased or condemned animals, in so far as tuberculosis was concerned, but as the honourable senator from Hastings-Frontenac (Hon. Mr. White) said, brucellosis has been included only as late as 1957—it was done by order in council, I think in April 1957. But before that order was passed various provinces in Canada had enacted provincial laws. The one enacted in my province of New Brunswick was known as the Eradication of Bang's Disease or Brucellosis Act. Prior to that, however, an act was passed for the establishment of calfhood vaccination areas against brucellosis. A few years after that a law was enacted in my province whereby we could establish areas having natural boundaries, such as rivers or forests, where cattle would not be in close proximity to other cattle outside that area.

A vote was first taken and if a majority, say 75 per cent, of the farmers agreed to it, an area was established and the animals in that area were tested. Any of them which reacted to the test were slaughtered and the farmers bore the expense for the animals so slaughtered.

In 1957 an order in council was passed bringing the disease known as brucellosis under the Animal Contagious Diseases Act and compensation similar to that under the tuberculosis plan has been paid.

This bill provides an amending paragraph to replace paragraph (b) of subsection 2 of section 12 of the present act. This amending clause has to do with compensation and does not say anything about areas. It reads:

> In the case of cattle slaughtered pursuant to any area or herd disease eradication programme instituted pursuant to the regulations, one hundred and forty dollars for pure-bred animals and seventy dollars for grade animals.

The balance of the paragraph is the same as it appears in the present act.

The explanatory note on the opposite page says:

> The purpose of the proposed amendment is 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.

Am I to interpret that to mean that there must be other limits, or other compensation, or the limits would not be removed? I would ask the honourable senator who introduced the bill if in the future no testing will be done except in established areas set up purposely for the eradication of these diseases, particularly brucellosis and tuberculosis?

Hon. Mr. White: If the honourable senator will look at the explanatory note he will see that subsection (2) of subsection 12, as enacted in 1953-54, chapter 12, provides that the compensation ordered to be paid under this section for an animal slaughtered under the provisions of this act shall be the market value. Now when that was enacted there was also provision for horses and cattle.

By the present amendment we are taking out the provision covering cattle, except those coming under brucellosis and tuberculosis diseases. Cattle affected by foot and mouth disease, such as we had in 1952, come under section 2 of the act, where the compensation paid shall be the market value. There is no limit on that. Up until now there has been a limit of $100 for purebred cattle and $70 for

grades. That limit will now be eliminated and all cattle will be paid for at the market value, except that the new rates of $140 and $70 will be paid for cattle slaughtered pursuant to an area or herd disease eradication program, which covers only tuberculosis and brucellosis.

Hon. Mr. Taylor (Westmorland): May I ask if it is the intention of the Government then to establish the whole country as an area and do the testing under an area program in so far as tuberculosis and brucellosis are concerned?

Hon. Mr. White: I am advised by the department that the whole country is now covered as far as tuberculosis is concerned, and starting this week or within a few days all Canada with the exception of Newfoundland will be under the brucellosis test program.

This program started only last year, and the figure I gave for April 30, 1957 to April 30, 1958, did not include Newfoundland, Quebec, Manitoba, Saskatchewan and Alberta, but they will all be in it now, with the exception of Newfoundland.

Motion agreed to and bill read second time.

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

Hon. Mr. White: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 422)

PRAIRIE FARM ASSISTANCE ACT

SUMMARY 1 PER CENT LEVY COLLECTED 1939 TO JAN. 31, 1958

Crop Year	Manitoba	Saskatchewan	Alberta	Unallocated	Total Levy
	$	$	$	$	$
1939–40	333,453.13	1,344,208.23	743,121.61	724.40	2,421,507.37
1940–41	354,813.76	1,360,540.00	866,831.79	502.32	2,582,687.87
1941–42	339,969.87	711,869.33	407,642.45	272.05	1,459,753.70
1942–43	481,974.50	1,536,146.00	710,632.53	322.51	2,729,075.54
1943–44	779,490.76	2,743,544.09	1,191,300.92	371.01	4,714,706.78
1944–45	754,366.36	3,218,572.23	1,412,417.31	230.71	5,385,586.61
1945–46	575,408.69	1,977,735.42	873,082.60	131.69	3,426,358.40
1946–47	845,631.86	2,703,357.17	1,644,706.41	112.20	5,193,807.64
1947–48	764,744.37	2,727,187.90	1,624,237.42	148.51	5,116,318.20
1948–49	1,120,741.27	3,417,480.86	2,084,088.52	6,185.87	6,628,496.52
1949–50	1,355,660.07	4,525,628.79	2,515,568.28	197.64	8,397,054.78
1950–51	1,442,138.08	3,890,444.68	2,001,322.58	153,72	7,334,059.06
1951–52	1,331,548.73	5,075,404.05	2,560,006.74	116.72	8,967,076.24
1952–53	1,423,916.39	6,370,894.35	3,074,384.50	5,116.75	10,874,311.99
1953–54	973,258.03	4,939,452.16	2,069,163.48	5,158.10	7,987,031.77
1954–55	748,694.05	3,169,787.24	1,614,486.03	152.31	5,533,119.63
1955–56	731,305.39	3,791,927.03	1,697,305.03	19,077.17	6,239,614.62
1956–57	864,573.57	3,608,339.14	1,732,861.33	88.50	6,205,862.54
1957–58	299,195.57	1,303,848.72	636,938.17	59.07	2,240,041.53
	$15,520,884.45	$58,416,367.39	$29,460,097.70	$39,121.25	$103,436,470.79

PAYMENTS UNDER P.F.A. FROM 1939 TO APRIL 15, 1958

Program	Manitoba		Saskatchewan		Alberta		British Columbia		Total Payments	Total Awards
	No. of Awards	Total Payment	No. of Awards	Total Payment	No. of Awards	Total Payment	No. of Awards	Total Payment		
		$		$		$		$	$	
1939.....	6,960	905,416.54	39,464	7,574,890.68	12,142	1,429,708.31			9,910,015.53	58,566
1940.....	6,368	615,109.23	40,846	5,603,266.80	4,356	504,179.29			6,722,555.32	51,570
1941.....	1,009	36,513.28	62,473	12,010,772.42	20,880	3,466,120.05			15,513,405.75	84,362
1942.....	No payments		No payments		No Payments		No Payments		No Payments	Nil
1943.....	126	16,685.25	22,000	5,037,472.87	9,232	2,425,057.59			7,479,215.71	31,358
1944.....	1,417	163,501.97	10,576	2,980,282.68	9,145	2,833,762.91			5,977,547.56	21,138
1945.....	428	30,148.50	43,437	12,541,768.16	18,951	4,395,734.38			16,967,651.04	62,816
1946.....	87	6,163.50	40,286	9,204,820.72	7,130	1,620,922.17			10,831,906.39	47,503
1947.....	3,624	490,410.75	54,892	13,368,005.75	17,277	3,375,088.60	50	4,166.25	17,237,671.35	75,843
1948.....	488	63,638.75	46,581	11,532,255.50	14,735	2,544,571.50			14,140,465.75	61,804
1949.....	2,072	333,089.00	49,657	15,373,732.75	33,477	6,343,796.25			22,050,618.00	85,206
1950.....	3,116	347,239.00	26,601	5,608,926.00	26,486	4,314,371.75	1,334	214,185.75	10,484,722.50	57,537
1951.....	1,828	207,393.00	11,073	2,247,920.25	11,949	2,171,140.50	275	29,888.75	4,656,342.50	25,125
1952.....	1,169	185,691.75	3,969	810,803.50	4,001	532,101.75	468	42,285.75	1,570,882.75	9,607
1953.....	5,030	619,863.25	5,740	1,143,177.50	5,548	1,007,525.25			2,770,566.00	16,318
1954.....	30,146	5,262,235.50	90,103	21,890,010.25	33,974	5,784,151.00	596	83,630.75	33,020,027.50	154,819
1955.....	16,798	2,306,464.00	9,069	1,291,954.00	8,300	1,306,422.25	919	147,639.00	5,052,479.25	35,086
1956.....	4,215	637,242.00	3,732	627,164.75	5,273	964,646.25	90	7,479.00	2,236,532.00	13,310
1957.....	6,719	1,504,739.00	32,064	9,593,541.50	14,845	4,338,857.50	645	194,519.00	15,631,657.00	54,273
	91,600	13,731,544.27	592,563	138,440,766.08	257,701	49,358,157.30	4,377	723,794.25	202,254,261.90	946,241

THE SENATE

Wednesday, July 30, 1958

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

Prayers.

Routine proceedings.

CANADIAN FARM LOAN BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-38, to amend the Canadian Farm Loan Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

[*Later:*]

Hon. W. Ross Macdonald: Honourable senators, earlier today the Senate gave first reading to Bill C-38, an Act to amend the Canadian Farm Loan Act. It has been the practice in the house during this session to have a short explanation given to bills on their first reading. We cannot insist upon this practice being followed, but it occurred to me that it might be helpful if the honourable Leader of the Government (Hon. Mr. Aseltine) would give us a brief explanation of this bill now, if he is in a position to do so. This would make us more familiar with the measure when it is called for second reading tomorrow.

Hon. W. M. Aseltine: I am quite prepared to follow my honourable friend's suggestion in this case.

Honourable senators are probably aware that the authorized capital stock of the Canadian Farm Loan Board is now $4 million. Under the act the Minister of Finance is authorized to make loans to the board to the extent of twenty times the par value of the capital stock, so the total amount the board can borrow at present is $80 million. The money is used for long-term loans to farmers, and as there have been quite a number of applications the amount now available for loans is about to run out. By August 15 commitments will probably have been made to take care of any amount that is then left in the hands of the board for making loans, and by October 15 all money for this purpose will probably be fully expended.

The amendment to the act is a short one and provides that the capital stock of the board be increased to $6 million. If this is done the board will be able to borrow from the Treasury a total of $120 million, or $40 million more than at present, for the purpose of making long-term loans to farmers.

Hon. Mr. Macdonald: Thank you. I am sure the statement of the honourable leader will be most helpful to honourable members when studying the bill. I am indebted to him for having given us this information now.

PRAIRIE GRAIN ADVANCE PAYMENTS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-31.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-31) intituled: "An Act to amend the Prairie Grain Advance Payments Act", have in obedience to the order of reference of the 24th of July, 1958, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Pearson: I move the third reading now.

Motion agreed to and bill read third time and passed.

PRAIRIE FARM ASSISTANCE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-40.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-40) intituled: "An Act to amend the Prairie Farm Assistance Act", have in obedience to the order of reference of the 29th of July, 1958, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Horner: Honourable senators, I move the third reading now.

Hon. John A. McDonald: Honourable senators, before this bill is read the third time I have an important request to make of the honourable Leader of the Government in the Senate (Hon. Mr. Aseltine).

I would ask that between now and the next session the leader request the appropriate minister and officials of the Government to make a study of the Prairie Farm Assistance Act with a view to having its provisions made available to the producers of farm products in the eastern provinces.

As I listened to the discussion on the bill in committee this morning I was more than ever convinced that this act could be made to apply to eastern farmers. I know from personal experience that they have at times suffered the loss of their crops and have not been able to get back anything like their production costs. I cannot see why the eastern farmers could not benefit greatly from the provisions of the act, especially those who produce apples, potatoes, and other fruit and vegetable crops. For example, this year the farmers are suffering greatly with their hay crop; in some instances the crop is poor because of drought, and in other instances the farmers are not able to harvest it in good condition.

Further, I should like to request that the act be studied with a view to extending assistance to eastern farmers in ridding their lands of surplus fresh water. A good work is now being done by the Maritime Marshland Rehabilitation Administration in its reclamation of some of the best land in Canada, which once was covered by salt water because the aboiteaux and dams had gone out or were in need of repair. However, the good work done in this respect does not help areas in the eastern provinces where the land is waterlogged with fresh water. I think the benefits of this act should be made applicable to eastern farmers.

Hon. Mr. Aseltine: I shall submit the remarks of my honourable colleague from Kings (Hon. Mr. McDonald) to the proper authorities and ask that they be given careful attention.

Motion agreed to and bill read third time and passed.

CONGRESS FOR WORLD GOVERNMENT

On the Orders of the Day:

Hon. Jean-François Pouliot: Honourable senators, I wish to thank the honourable Leader of the Government (Hon. Mr. Aseltine) for the good answer that he gave to my good question about the Congress for World Government.

ANIMAL CONTAGIOUS DISEASES BILL

THIRD READING

Hon. George S. White moved the third reading of Bill C-41, to amend the Animal Contagious Diseases Act.

Hon. Jean-François Pouliot: Honourable senators, on Thursday I was unavoidably absent during part of the sitting when a similar bill was being discussed, and I was very sorry to have to leave the chamber, but I had to do so to pay a last tribute of friendship to a very dear friend of mine who was buried that day. I am not a quitter and I did not want to desert the battlefield. Now, there is one thing I want to stress: it is that I have the highest regard for my colleagues of the Senate and I would be very sorry to be misunderstood by them. Some honourable senators were under the impression that I was pointing my finger at them when I spoke of the trust and loan companies. It was far from my mind to do that, and instead of accusing anybody I took that opportunity to try to defend my colleagues against all wrong imputations that could be made. That is very different. Those matters are serious, and I am glad that the honourable senator from Hanover (Hon. Mr. Brunt) is back in his seat. I could not very well understand his argument that some public legislation should be passed because it is asked for by private companies. He said there were many requests from the trust and loan companies to have the legislation changed.

Hon. Mr. Aseltine: Is the honourable senator speaking on the third reading of the Animal Contagious Diseases Act?

Hon. Mr. Pouliot: Oh, is that it? I thought the first item on the Order Paper was for the third reading of a bill to amend the Loan Companies Act.

The Hon. the Speaker: Oh, no; this is an act to amend the Animal Contagious Diseases Act.

Hon. Mr. Pouliot: If it is taken for granted I will not repeat what I have said. Otherwise, I will have to start again.

The Hon. the Speaker: I am afraid that the remarks of the honourable senator are very diseased indeed, but I hope they are not contagious. In any event, I will have to rule them out of order.

Hon. Mr. Pouliot: There are many sorts of contagious diseases.

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

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 258 to 280, which were presented yesterday.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-219, for the relief of James Nelson LeBlond.

Bill SD-220, for the relief of Louise Auger Lecavalier.

Bill SD-221, for the relief of Marie Noella Therese Legault Lebel.

Bill SD-222, for the relief of Muriel Marguerite Elizabeth Ada Brant Yeaman.

Bill SD-223, for the relief of Marie Becherbleith Reicher.

Bill SD-224, for the relief of John Charles Underhill.

Bill SD-225, for the relief of Patricia Wirth Usher.

Bill SD-226, for the relief of Jean Audrey Vickers Mastro.

Bill SD-227, for the relief of Mary Rebecca Lafontaine Johnson.

Bill SD-228, for the relief of Jetti Edelstein Popowski.

Bill SD-229, for the relief of Jean Philippon.

Bill SD-230, for the relief of Sidney Schwartz.

Bill SD-231, for the relief of Kenneth Herbert Gregory.

Bill SD-232, for the relief of Barbara Crawford Bucci.

Bill SD-233, for the relief of Holger Madsen.

Bill SD-234, for the relief of Miriam Astrof Hymovitch.

Bill SD-235, for the relief of Margaret Welsh Clark Gray Perego.

Bill SD-236, for the relief of Eunice Joyce Stone Berwick.

Bill SD-237, for the relief of Rita Elizabeth Edwards Bryant.

Bill SD-238, for the relief of Mary Farrelly Crane.

Bill SD-239, for the relief of Margaret Eileen McKenzie Beauchemin.

Bill SD-240, for the relief of Jeanette Josephine Cools Cox.

Bill SD-241, for the relief of Geraldine Marilyn Woods Spencer.

Bill SD-242, for the relief of Mariette Giselle Denise Pesant Forget.

Bill SD-243, for the relief of Joy Diedre Shelly New.

Bill SD-244, for the relief of Muriel Ethel Serchuk Rutenburg.

Bill SD-245, for the relief of Deborah Barash Dindzik, Junior.

Bill SD-246, for the relief of Gladys Elsa Hannah Birnbaum Aston.

Bill SD-247, for the relief of Barbara Janet Dillane Barr.

Bill SD-248, for the relief of Giulietta Marcogliese Iacurto.

Bill SD-249, for the relief of Herbert Budd, Junior.

Motion agreed to and bills read second time, on division.

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

Hon. Mr. Roebuck: Next sitting.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, before the house adjourns I would like to say that tomorrow consideration will be given to the second reading of Bill C-38, to amend the Canadian Farm Loan Act. It is also expected that by that time we shall receive from the other place a bill to amend the Excise Tax Act, and possibly a bill to amend the Customs Act. There is also a remote possibility of our receiving the Estates Tax Bill for first reading.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 31, 1958

The Senate met at 3 p.m., Hon. Arthur M. Pearson, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

STANMOUNT PIPE LINE COMPANY—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill S-14.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-14) intituled: "An Act respecting Stanmount Pipe Line Company", have in obedience to the order of reference of July 24, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Thorvaldson: Honourable senators, with leave, I move the third reading now.

Hon. Mr. Roebuck: Honourable senators, I have not the slightest objection to the passage of this bill; I was not in the committee when it was considered, I know nothing about the bill and I have no personal interest in it. But I think when a bill has been reported from committee and there is no reason for haste in giving it third reading, it should stand over until the next sitting.

Hon. Mr. Thorvaldson: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-250, for the relief of Dorothy Mary Shrimpton Legault.

Bill SD-251, for the relief of Maria Giusseppa Di Nunno.

Bill SD-252, for the relief of Marie Jacqueline Fernande Belisle Wechselberger.

Bill SD-253, for the relief of Simonne Fournier Bergeron.

Bill SD-254, for the relief of Cecily Anne Maud Carter Bernard.

Bill SD-255, for the relief of Marie Henriette Andree Massue Prevost.

Bill SD-256, for the relief of Lovell Orville Woodard.

Bill SD-257, for the relief of Joseph Wing.

Bill SD-258, for the relief of Adrienne Menard Huot.

Bill SD-259, for the relief of Hilda Jamesie Hatfield Carter.

Bill SD-260, for the relief of Evelyn Mae Wood Snell.

Bill SD-261, for the relief of Robert Smith.

Bill SD-262, for the relief of Ethel Fisk Gwynne-Davies.

Bill SD-263, for the relief of Marie Reine Drouin Milliard.

Bill SD-264, for the relief of Joseph Leonidas Albert Paradis.

Bill SD-265, for the relief of Hyman Wexler.

Bill SD-266, for the relief of Natasha Harpf Crayter.

Bill SD-267, for the relief of Martha Ratelle Holtken.

Bill SD-268, for the relief of Shirley Bertha Marietta Birrell Wilson.

Bill SD-269, for the relief of Norma Elizabeth Gammie Costigan.

Bill SD-270, for the relief of Merita Helen Gertrude Alarie Russell.

Bill SD-271, for the relief of Sydney Clarence Walker.

Bill SD-272, for the relief of Barbara Anne Young McFadden Pallett.

Bills read first time.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, next sitting.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move that when the Senate adjourns today it stand adjourned until Tuesday next, August 5, 1958, at 8 o'clock in the evening.

Motion agreed to.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-219, for the relief of James Nelson LeBlond.

Bill SD-220, for the relief of Louise Auger Lecavalier.

Bill SD-221, for the relief of Marie Noella Therese Legault Lebel.

Bill SD-222, for the relief of Muriel Marguerite Elizabeth Ada Brant Yeaman.

Bill SD-223, for the relief of Marie Becherbleith Reicher.

Bill SD-224, for the relief of John Charles Underhill.

Bill SD-225, for the relief of Patricia Wirth Usher.

Bill SD-226, for the relief of Jean Audrey Vickers Mastro.

Bill SD-227, for the relief of Mary Rebecca Lafontaine Johnson.

Bill SD-228, for the relief of Jetti Edelstein Popowski.

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Bill SD-231, for the relief of Kenneth Herbert Gregory.

Bill SD-232, for the relief of Barbara Crawford Bucci.

Bill SD-233, for the relief of Holger Madsen.

Bill SD-234, for the relief of Miriam Astrof Hymovitch.

Bill SD-235, for the relief of Margaret Welsh Clark Gray Perego.

Bill SD-236, for the relief of Eunice Joyce Stone Berwick.

Bill SD-237, for the relief of Rita Elizabeth Edwards Bryant.

Bill SD-238, for the relief of Mary Farrelly Crane.

Bill SD-239, for the relief of Margaret Eileen McKenzie Beauchemin.

Bill SD-240, for the relief of Jeanette Josephine Cools Cox.

Bill SD-241, for the relief of Geraldine Marilyn Woods Spencer.

Bill SD-242, for the relief of Mariette Giselle Denise Pesant Forget.

Bill SD-243, for the relief of Joy Diedre Shelly New.

Bill SD-244, for the relief of Muriel Ethel Serchuk Rutenburg.

Bill SD-245, for the relief of Deborah Barash Dindzik, Junior.

Bill SD-246, for the relief of Gladys Elsa Hannah Birnbaum Aston.

Bill SD-247, for the relief of Barbara Janet Dillane Barr.

Bill SD-248, for the relief of Giulietta Marcogliese Iacurto.

Bill SD-249, for the relief of Herbert Budd, Junior.

Hon. Jean-François Pouliot: Honourable senators, before those bills are passed, I have a new practical suggestion to make to relieve my honourable colleagues who sit on the Divorce Committee. It is impossible to read all the evidence taken before the committee. I realize that the work of our colleagues is well and carefully done, and their work is praiseworthy. On the other hand, there is nothing more similar than the evidence in each case. It is the same thing—people found in a room, a half-full bottle, clothes on the chair, and a sheet that is drawn up. I am not going to go into any crude details to shock our lady colleagues. My point is that I think there would be an easy way to relieve our colleagues on the Divorce Committee. I suggest that applicants for divorce establish their domicile or their residence in one of the eight provinces where there are divorce courts. It would be so easy for them; it would be no more trouble for them than to be in Quebec City or in Montreal, or anywhere else.

Hon. Mr. Aseltine: Would you not have to change the law of domicile?

Hon. Mr. Pouliot: No. We could try it for a session, and then we would see how happy the members of the Divorce Committee would be. We would gain a lot from that, because they could give more attention to the public legislation that comes before us. Now they are tied in the divorce room listening to cases that are all alike. Naturally, we realize that human nature is always the same. And people do sometimes commit perjury; it is very hard to prove, but for anyone who has been attending courts for a few years it is easy to see. The Clerk could be instructed to tell petitioners to try their luck in a provincial court instead of coming here, and it would be cheaper. The only ones who would suffer from it would be the investigators, who would have to follow their clients to another province.

Hon. Mr. Roebuck: I do not quite understand the honourable senator. What does he propose, that there be a false domicile alleged or that these people should reside in some other province than Quebec and make a new domicile?

Hon. Mr. Pouliot: Well, there is no one who knows better than my honourable and distinguished friend that some people elect domicile in the province of Quebec just to have the privilege of coming here to obtain a divorce. You have only to see where they

come from and where they have been married, and so on, and so on, and so on. If the Senate were to change the rules of the Divorce Committee and then instruct the Clerk to notify petitioners that they should try their luck in another province to have a divorce we would have the advantage of the full association of our colleagues, for whom I have the greatest regard and admiration, and then we would be able to work together for better legislation in the Senate Chamber. I do not say that to depreciate any one of my colleagues; I want to be clear about that. I know that what they do is painstaking, ungrateful, tiresome, et cetera, et cetera, et cetera. I know that. But on the other hand I think that they would be happier and they would have the sense of doing their duty when they would not be required to attend to that job, which they perform to the best of their ability.

Hon. Mr. Aseltine: Honourable senators, the suggestion made by the honourable senator from De la Durantaye (Hon. Mr. Pouliot) would not work at all. How could a person domiciled in the province of Quebec start an action for divorce in the province of Ontario?

Hon. Mr. Macdonald: Why select Ontario? Why not select Saskatchewan?

Hon. Mr. Aseltine: I am just giving an example.

Hon. Mr. Haig: Let him come to Manitoba if he would like to.

Hon. Mr. Aseltine: How could a person domiciled in the province of Quebec start a divorce action in the province of Ontario or in any other province when the law of every province that has a divorce court requires the petitioner to be domiciled in the province before the court has any jurisdiction to hear his case?

Hon. Arthur W. Roebuck: Honourable senators, as far as I can make out, my friend does not suggest that a false domicile be secured by anyone, or that the law be changed to give domicile elsewhere than in the province of Quebec to people who reside there. As far as I can follow what my friend said, it was that people claimed domicile in the province of Quebec when they did not properly possess it, in order to present a petition to Parliament.

Hon. Mr. Aseltine: I did not get that meaning out of what he said.

Hon. Mr. Roebuck: I think that is what he suggested.

Hon. Mr. Aseltine: That would cover only the odd case.

Hon. Mr. Roebuck: It would be a very odd case. I have never yet seen a case where I doubted a domicile because of the evidence that was given. No vigilance on our part in that regard would bring about any reduction in the number of petitioners, and certainly it would not be advisable to change the law to permit a petitioner to claim a domicile other than his true one, because that would be contrary to all the traditions of our courts.

Furthermore, I do not suppose there is anybody in one of the provinces where there is a divorce court who would petition Parliament for a divorce, because it is very much more expensive to get a divorce from this jurisdiction than it is from a provincial court.

My friend expresses regard for the work done by the Divorce Committee, and for that I thank him. The committee has never had any reason to complain of the appreciation of this house, which has been expressed on many occasions, and I can assure honourable members that their attitude goes a long way toward satisfying the members of the committee in the task which they perform. They highly appreciate the attitude of their fellow senators in this regard.

My friend attacks the cases as being similar. Well, it must be borne in mind that every application for divorce is for the same remedy, and that every one of the petitions is supported by the same allegation—commission of adultery—so there would necessarily be a similarity between every case. But if my friend suggests there is a great similarity between the evidence that is presented in each case and which the members of the committee are called upon to weigh, he is in error. My friend has never sat in the Divorce Committee or he would realize that each case is separate and distinct, concerned with human beings and all the complications that may arise in married life. I can assure him that every case that comes before our committee or its various subcommittees is listened to with the greatest of care and not handled in a routine way at all. Every case is considered on the merits of the evidence presented, and the evidence in any one case is different from that in every other case. Numerous problems come before us as we hear these cases, real problems, which we are called upon to solve and with which this chamber very seldom is acquainted.

The committee is nearing the conclusion of its sittings and we have almost reached the bottom of the barrel. At the last sitting, which was on Monday of this week, only 13 cases were ready to be heard. We could have handled a good many more than that. We are sitting again tomorrow, but I do not

know what the program is, other than it will not be a very large one. The committee's final sitting of the session will be on the 8th of August, by which time we shall have heard all the cases that are completed and ready to be heard. I shall be very glad to see the last of it.

Of course, I realize the truth of what my honourable friend from De la Durantaye (Hon. Mr. Pouliot) says, that the time we spend on divorce work might very well be spent on something more worth while. That is true. My colleagues all know that this is a job that is imposed upon the Senate, and so long as it is imposed upon us we will do it to the very best of our ability and with very little complaint. There is pleasure in the work, quite aside from the ribald and tawdry stories that we hear. A good spirit prevails among the members of that committee, a certain *esprit de corps*, and the satisfaction of knowing that we are doing this work to the best of our ability.

So it is not such a penalty to belong to this committee. There are compensations. I do hope however, that next session a few more members will be appointed to the committee, because this session we have been struggling to keep up our quorums. We need a little larger committee of active, working members, and I am sure that will be attended to at the next session.

I thank my honourable friend from De la Durantaye for the kindness of his attitude and for his favourable remarks about the members of my committee.

Hon. Mr. Pouliot: Honourable senators, in view of what has been said I will have to work hard to try to find another suggestion that will be acceptable.

Motion agreed to and bills read third time and passed, on division.

CANADIAN FARM LOAN BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill C-38, to amend the Canadian Farm Loan Act.

He said: Honourable senators will recall that yesterday I gave the house a brief explanation of the amendment which this bill proposes to the Canadian Farm Loan Act. Perhaps I should now restate briefly the reasons for the amendment.

The Canadian Farm Loan Board as at present constituted has only one shareholder, namely, the Government of Canada. At the present time the capital stock of the board amounts to $4 million. Under the act the board has power to borrow from the Treasury 20 times the amount of its capital stock for the purpose of making loans to farmers in the various provinces. In other words, the board now has the right to borrow $80 million and to lend the same amount.

Present commitments will exhaust practically all the money on hand not later than October 15 next. Therefore, this bill proposes to increase the board's capital stock to $6 million. Under the act the board will then be able to borrow 20 times $6 million, or $120 million—not all new money, because it has already borrowed $80 million, but it will have $40 million more with which to make loans to farmers in the different provinces.

That briefly, covers the principle involved in this bill, but perhaps it might be interesting to honourable senators if I were to say a few words with regard to the whole matter of operations under the Act.

The Canadian Farm Loan Act was passed in 1927 as a result of reports made by Dr. H. M. Tory. Dr. Tory, it will be remembered, was the founder of the University of Alberta, and later he became the president of the National Research Council of Canada. He was very much interested in farm credits and made a detailed study of them. In the course of this undertaking he even travelled to countries in Europe, to Australia, to New Zealand, to South Africa, to the United States of America and to other countries.

In January 1929 the Canadian Farm Loan Board was set up, and it proceeded to make loans in provinces which also passed enabling legislation, namely, Manitoba, Alberta, British Columbia, Nova Scotia, New Brunswick and Quebec. The federal Government provided the capital and guaranteed the public borrowings of the board.

That set-up pertained until 1935, at which time the board was made an agency of the Crown, with the Government of Canada the only shareholder. After 1935 loans were made by the board to all the provinces, not only those that had obtained loans under the first Canadian Farm Loan Board set-up.

Prior to the passing of the Canadian Farm Loan Act mortgage interest rates in eastern Canada were quite high, 7 to 8 per cent; and in western Canada they were still higher, 8 to 10 per cent; and the terms of the loans which were made by the different loan companies were short, most of them being for five years only. That was one of the reasons why the Canadian Farm Loan Act was passed, to provide for longer-term loans and much lower rates of interest.

The board, honourable senators, has paid its own way. It charges reasonable rates of

interest and makes loans for a term of 25 to 30 years in extent. Since 1952 it has paid corporation income taxes, in the same way as any other corporate business.

I might say for the information of honourable senators that the lending powers of the board have been changed from time to time. In 1929 the limit was $10,000, based on 50 per cent of the agricultural productive value of the farm. In 1934 that was reduced to $7,500, and in 1935 it was further reduced to $6,000, of which $5,000 could be lent on a first mortgage and the remaining $1,000 secured by a second mortgage and also by a chattels security on the machinery, livestock and other chattels of the borrower. In 1956 the act was remodelled, and the amount that a farmer could borrow by way of a first mortgage was increased to $15,000, based on 65 per cent of the agricultural productive value of the farm, and the term was extended to 25 to 30 years.

Here is another interesting fact, honourable senators. In 1929, when the Canadian Farm Loan Board was first set up, the rate of interest was 6½ per cent. That has come down through the years and it is now fixed at 5 per cent. Each farmer who makes an application for a loan must, of course, give a first mortgage, but the second mortgages and the chattel mortgages which I mentioned a short time ago have been done away with. They were done away with in 1956. But the farm that was being mortgaged had to have a set of buildings and be a complete farm unit. No one who was not a *bona fide* farmer or about to start up business as a *bona fide* farmer could obtain one of these loans. The purposes for which the money borrowed against the security of the farm could be used, before the loan was authorized, were to purchase farm land, to pay for seed grain, machinery, fertilizer and things like that, to erect farm buildings, make improvements and to pay debts. I had some experience in this a number of years ago when I made application for a loan on behalf of a farmer. The loan was refused, not because the farmer didn't keep a well-run farm but because he owed too much money. The board would not advance a loan unless the proceeds were sufficient to pay off all the farmer's debts. I have known of some cases where the farmer seeking a loan from the board has had to go to his creditors and tell them that he would be able to get this loan provided they reduced their debts by about 50 per cent. Eventually some of these loans were granted by the board and the farmers were put back on their feet, their debts being consolidated under the one loan obtained from the board.

The Canadian Farm Loan Board is a corporation, consisting of from three to five members, of which the Minister of Finance must be one. The Chairman, Mr. Frank L. Chester, is a very capable man, and he has informed me by letter that he will be glad to appear before a Senate committee to give a detailed account of the board's operations.

I have already explained how the board's funds for lending are obtained. I would add that in lending money the board absolutely does not discriminate with respect to nationality, creed, race, sex or colour. Each application is carefully scrutinized and dealt with on its own merits.

Hon. Mr. Macdonald: What about citizenship?

Hon. Mr. Aseltine: A person does not have to be a citizen of Canada to get a loan under this act.

I might say a word about the collection policy of the board. In every case the ability of the mortgagor to pay is considered, and extensions may be granted from time to time. No legal proceedings are taken except in very extreme cases, with the result that there have not been many foreclosures. If I do not mention it now someone will probably ask me if there have been any losses.

Hon. Mr. Roebuck: Or any defaults.

Hon. Mr. Aseltine: I would like to say that the total losses since the inception of the board have amounted to about three-quarters of a million dollars, but this amount has been paid by the board from its own reserves.

Hon. Mr. Burchill: What percentage would that be of the total amount loaned?

Hon. Mr. Aseltine: With the permission of the Senate I intend to file a statement showing all the loans from the beginning of the board's activities up to the present time. I think this statement will provide the information the honourable gentleman from Northumberland-Miramichi (Hon. Mr. Burchill) requires.

Hon. Mr. Macdonald: The statement is not with respect to individual loans, is it?

Hon. Mr. Aseltine: No. What I propose to file is a statement of loans disbursed and outstanding by fiscal years from 1929-30 to March 31, 1958. It covers the number of loans, the loans disbursed, the cumulative total of the loans disbursed and the principal of loans outstanding at the end of each year. With the consent of the house I would ask that this statement be included in *Hansard*.

Hon. Senators: Agreed.

CANADIAN FARM LOAN BOARD

STATEMENT OF LOANS DISBURSED AND OUTSTANDING BY FISCAL YEARS TO MARCH 31, 1958

Fiscal Year	Loans Disbursed		Cumulative Total of Loans Disbursed		Principal of Loans Outstanding End of Year	
	No.	Amount	No.	Amount	No.	Amount
		$		$		$
1929-30	1270	2,630,377	1270	2,630,377	1270	2,613,671
1930-31	2102	3,517,489	3372	6,147,866	3109	6,033,805
1931-32	468	1,996,344	3840	8,144,210	3492	7,878,741
1932-33	655	1,276,114	4495	9,420,324	4394	8,927,985
1933-34	307	558,630	4802	9,978,954	4652	9,125,513
1934-35	352	547,207	5154	10,526,161	4866	9,332,329
1935-36	3952	7,423,779	8747	17,949,940	8322	16,178,516
1936-37	5385	11,074,156	14132	29,024,096	13588	26,506,308
1937-38	2523	5,264,308	16655	34,288,404	15829	30,336,749
1938-39	2232	4,338,843	18887	38,627,247	17747	33,065,470
1939-40	2361	4,342,662	21248	42,969,909	19756	35,411,729
1940-41	1425	2,727,507	22673	45,697,416	20782	35,947,883
1941-42	1112	2,133,514	23785	47,830,930	21333	35,256,188
1942-43	642	1,320,256	24427	49,151,186	21020	33,120,484
1943-44	590	1,336,103	25017	50,487,289	19447	28,716,696
1944-45	695	1,661,410	25712	52,148,699	16929	24,199,388
1945-46	877	2,121,207	26589	54,269,906	15721	22,513,863
1946-47	1286	3,273,811	27875	57,543,717	15032	22,119,005
1947-48	1218	3,185,240	29093	60,728,957	14790	22,327,258
1948-49	1751	4,595,036	30844	65,323,993	15006	23,890,389
1949-50	1841	4,942,930	32685	70,266,923	15566	25,821,426
1950-51	1800	4,693,079	34485	74,960,002	16184	27,802,774
1951-52	1508	4,469,091	35993	79,429,093	16497	29,238,810
1952-53	1514	5,118,559	37507	84,547,652	16667	31,005,250
1953-54	1908	7,000,540	39415	91,548,192	17267	34,591,645
1954-55	2137	8,207,003	41502	99,755,195	18111	39,455,931
1955-56	2087	8,254,323	43639	108,009,518	18931	44,075,268
1956-57	2826	13,183,992	46465	121,193,510	20372	52,730,198
1957-58	3500	19,343,560	49965	140,537,070	22494	67,112,206

Hon. Mr. Roebuck: It seems to me that the most useful information would be: how many of these loans were paid up within the time promised so that they did not go into default; how many have been in default from time to time in relation to the total number of loans made, and how many are now in default.

Hon. Mr. Aseltine: I do not know that I will be able to give all that information at the present time.

Hon. Mr. Crerar: My honourable friend spoke a moment ago of losses being paid out of reserves that were established. What is the origin of the reserves? Do they arise between the difference in the rate on the loan as made to the farmer and the rate paid to the Government?

Hon. Mr. Aseltine: The board makes a profit each year and even pays income tax on it.

Hon. Mr. Crerar: But the reserves must surely come from the difference between the rate paid to the Government and the rate that the board collects from the farmer?

Hon. Mr. Aseltine: I do not know about that but I know it has established a reserve and has been able to pay any losses out of the reserve.

At this time I would like to say a word or two about the current business. In 1956-57 some $13 million was loaned on these mortgages, and in 1957-58 the amount loaned totalled $19 million. It is expected that in 1958-59 some $30 million will be disbursed.

Hon. Mr. Pratt: What would be the average amount of the loans making up that sum total?

Hon. Mr. Aseltine: From 1929-48 the average amount of the loans was quite small, being $2,104. In 1954 the average loan was $3,738. In 1955 it was $3,835; in 1956, it was $4,040, and in 1957-58 it was $5,748.

Honourable senators, I have already filed a statement with respect to loans disbursed and outstanding from 1929 to March 31, 1958, and I propose, with leave of the Senate, to file another statement showing the interest in arrears for each of the last ten years and the percentage of principal outstanding.

Hon. Senators: Agreed.

INTEREST ARREARS EACH YEAR FOR THE LAST TEN YEARS SHOWING PERCENTAGE OF PRINCIPAL OUTSTANDING

Year Ending March 31st	Interest in Arrears				Percentage of Principal Outstanding
	First Mortgage	Second Mortgage	Agreements for Sale	Total	
	$	$	$	$	
1949	38,969	12,073	2,436	53,478	.2204
1950	51,198	12,446	2,394	66,038	.2526
1951	73,507	15,083	2,977	91,567	.3261
1952	63,743	11,731	2,839	78,313	.2657
1953	53,341	7,497	1,440	62,278	.1996
1954	87,741	8,664	2,112	98,517	.2834
1955	156,934	16,447	1.808	175,189	.4424
1956	237,937	27,074	1,603	266,614	.6031
1957	200,402	27,719	995	229,116	.4327
1958	192,011	25,206	955	218,172	.3245

Hon. Mr. Roebuck: In addition to that may we have the number of those in arrears?

Hon. Mr. Aseltine: The table does not show the number, it shows the arrears in dollars. For example, in 1949 on first mortgages there was $38,969 in arrears. Then it shows the amount in arrears on second mortgages which have not yet been paid off.

Hon. Mr. Macdonald: That is of principal and interest, I take it?

Hon. Mr. Aseltine: No, this table shows interest in arrears. Then it shows the interest in arrears on agreements for sale, where land has been repossessed and sold back to other people, and it gives the total, and also the percentage of principal outstanding in each of the past ten years.

I have another table which I would like to file, which shows the administration costs before income tax has been deducted in each year for the last ten years. The cost has been going down: in 1949 it was 1.417 per cent of the investment, and in 1958 it was down to 1.221 per cent of the investment. I will file this table, if I may have permission.

Hon. Senators: Agreed.

ADMINISTRATION COSTS SHOWING PERCENTAGE OF INVESTMENT AND PROFIT ON OPERATIONS (BEFORE INCOME TAX) EACH YEAR FOR THE LAST TEN YEARS

Year Ending March 31st	Administration Costs	Percentage of Investment	Profit on Operations Before Income Tax
	$		$
1949	346,303	1.417	148,649
1950	373,920	1.413	142,428
1951	428,249	1.505	131,705
1952	443,845	1.486	136,890
1953	455,938	1.443	143,195
1954	490,461	1.391	157,288
1955	559,823	1.39	162,780
1956	589,175	1.306	218,175
1957	712,024	1.322	218,755
1958	838,001	1.221	235,534

Hon. Mr. Macdonald: Could the honourable leader tell us where the head office of the board is and if it has branches throughout Canada?

Hon. Mr. Aseltine: There is a branch in each province, I am informed. The one in Saskatchewan is at Regina, the one in Manitoba is in Winnipeg.

Before I sit down I have some more information which might be interesting.

Hon. Mr. Macdonald: Are there local representatives of the board in various places throughout the provinces?

Hon. Mr. Aseltine: There are inspectors who go out and inspect the land after an application has been made. At one time the provincial representative did not have the power to approve of a loan and the application had to come to the head office at Ottawa for approval, but now the provincial managers

have power to investigate and approve these loans. This speeds up the advancing of the money from the time the application is made until the loan is finally paid out.

I have here a table showing loans made from April 1, 1957 to March 31, 1958 by provinces, and it might be interesting. During that period, in British Columbia 98 loans were made, totalling $542,530. In Alberta there were 570 loans, totalling $2,608,546; in Saskatchewan, 1.076 loans totalling $5,467,085. I do not know whether honourable senators want me to read all the others or not. I propose, with consent of the Senate, to have this information placed on *Hansard*.

Hon. Mr. Macdonald: Agreed.

Hon. Mr. Aseltine: Then I will do so.

Province	No. of Loans	Amount
British Columbia	98	$ 542,530
Alberta	570	2,608,546
Saskatchewan	1,076	5,467,085
Manitoba	393	2,010,225
Ontario	984	7,003,846
Quebec	122	636,180
New Brunswick	64	282,333
Nova Scotia	53	280,729
Prince Edward Island	140	512,081

The total number of loans is 3,500 and the amount is $19,343,560.

Honorable senators, that is all that I wish to say at this time with regard to this measure. I have explained the principle of the bill and have given all the general information that I possess. If there is any other information that honourable senators wish it can be obtained when the bill goes to the Banking and Commerce Committee.

Hon. Mr. Vaillancourt: The honourable leader said that the Canadian Farm Loan Board can borrow 20 times the amount of its capital, which is $6 million; in other words, that after this bill is passed it will be able to borrow $120 million. From whom can it borrow this amount?

Hon. Mr. Aseltine: From the Treasury.

Hon. Mr. Vaillancourt: I suppose the Treasury sometimes loans at 3 or 3½ per cent, and the Board loans at 5 per cent, and from that difference the board gets its reserve.

Hon. Charles G. Hawkins: Honourable senators, yesterday the Leader of the Government (Hon. Mr. Aseltine) made a brief explanation of this bill. He said it was a short bill, and I will have to agree that he was factually correct. He has given us a very good explanation of the bill. I do not agree with all his assertions, except as to how it works. However, I am a bit disappointed, because I had hopes that this bill might have contained something having to do with the recommendation made by a royal commission of the Government of Nova Scotia a little less than a year ago. In 1956 a Royal Commission was set up to study farm credit with relation to long-term credit, intermediate credit, and short-term credit. In its report the commission decided that intermediate credit and short-term credit were pretty well taken care of by the existing institutions, such as banks, under the Farm Improvement Loan Act, and credit bureaux and the like, but it was not at all satisfied with the facilities for long-term credit. Over the years there has been a great change in the requirements of long term facilities. As a matter of fact, in the east one of our difficulties is in not having large enough loans to make available to the farmer so that he can provide for his family the facilities which the ordinary artisan can provide for his family. Among the twelve recommendations of the Royal Commission, the first was that the Nova Scotia Land Settlement Board and the Canadian Farm Loan Board be amalgamated in the province under one head.

I think I can do no better than to read from the report of the Royal Commission of the province of Nova Scotia in 1957, its conclusions and recommendations. By doing so, I am sure the meaning of the recommendations will become clearer than I could express them without this reference:

> The task of the commission having been to evaluate the adequacy of the farm credit system in the light of the needs of farmers in Nova Scotia and to make whatever recommendations may be in keeping with the commission's findings, trends in agriculture in Nova Scotia and the nature and scope of the activities of the various lending agencies engaged in the supplying of credit to farmers in the province have been traced in Chapters II and III respectively. As the inquiry progressed, however, it became increasingly evident that an important problem confronting the commission was the relation of the Canadian Farm Loan Board to the Nova Scotia Land Settlement Board with regard to the provision of long-term credit. The commission has little further to say about the Veterans' Land Administration as this organization is complete within itself and is, on the whole, satisfactorily serving a special group of borrowers.
>
> With regard, therefore, to the relation of the Canadian Farm Loan Board to the Nova Scotia Land Settlement Board, it must be stated that the conception of the Canadian Farm Loan Board that has been consistently maintained in all the amendments of the Canadian Farm Loan Act is that the board should be a source of long-term credit to farmers at low (reasonable) interest rates, regardless of economic conditions, and that it should conduct its affairs in such a manner that it would be a self-sustaining organization without subsidy. It has not been the intention that the board should become an overwhelming source of credit but that it should supplement private credit facilities. In the words of the Commissioner, "Two factors in the existing credit situation demonstrate the application of some of these principles: (a) at a time when there has been a reduction of private funds available for farm mortgages the lending of the Canadian Farm Loan Board has expanded rapidly to take up this slack, (b) while mortgage interest

rates generally have fluctuated substantially upwards, the Canadian Farm Loan Board has been able to maintain a steady and moderate rate."

The Nova Scotia Land Settlement Board now operates similarly to the Canadian Farm Loan Board. A difference between the two boards is that the provincial Government pays the administrative expenses of the Nova Scotia board and this is undoubtedly a factor which enables the Nova Scotia Land Settlement Board to charge the same rate of interest as the Canadian Farm Loan Board, namely, 5 per cent, yet at the same time include in its charge the cost of insuring its loans (one-half per cent) in the event of the death of the borrower.

Honourable senators, I may say that in my province there is generally an aversion to mortgaging farms. It may not be so today, but I can remember that when I was a boy it was one of the worst reflections that could be cast upon a farmer or his family to say that his farm was mortgaged.

The report continues:

There has been some duplication of the activities of the two boards in the past, especially during the post-war period when the Nova Scotia Land Settlement Board reduced its interest charges to 3½ per cent while those of the Canadian Farm Loan Board remained at 4½ per cent.

Hon. Mr. Macdonald: May I ask a question? Is the one-half of one per cent for insurance charged only by the Nova Scotia Land Settlement Board?

Hon. Mr. Hawkins: That is right.

Hon. Mr. Macdonald: It is not charged by the Canadian Farm Loan Board?

Hon. Mr. Hawkins: No. At the moment I am dealing with the Nova Scotia Land Settlement Board.

Hon. Mr. Macdonald: I just wanted to have it clear in my mind.

Hon. Mr. Hawkins: The report goes on to say:

This discrepancy led to complaints from established farmers that they were forced to turn to the Canadian Farm Loan Board while farmers and also immigrants wishing to purchase or establish themselves on farms were able to receive assistance through the Nova Scotia Land Settlement Board at lower interest.

I might say that the Nova Scotia Land Settlement Board was set up and organized for the purpose of settling farmers on land—that is, farmers' sons or people who had taken some training in farming—or for settling immigrants, so when the rate of interest that they had to pay was lower there was pretty keen competition for the Canadian Farm Loan Board.

To meet this situation, the Land Settlement Board developed the practice of acquiring the farm even of an established farmer if he wished to borrow, paying cash to him for it, and selling it back to him over a period of years under an agreement of sale. Thus the Settlement Board entered the loan business under the guise of settlement whereupon complaints were received from the Canadian Farm Loan Board with the result that, by agreement in 1955, the Nova Scotia Land Settlement Board withdrew from lending, as such, and restricted its activities to the financing of settlers.

The withdrawal of the Nova Scotia Land Settlement Board from mortgage lending to established farmers under agreement of sale in 1955 was not accompanied by a reduction in its volume of new loans as may be seen with reference to Table XV. Loans expanded from $353,877 for the year ending March 31, 1955 to $411,013 in 1956 and to $576,011 in 1957. Loans granted by the Canadian Farm Loan Board during the same years were $93,353, $116,800 and $225,974 respectively. In the latter year, therefore, loans advanced by the Nova Scotia Land Settlement Board were 2½ times as great as those of the Farm Loan Board.

While there are both critics and supporters of both boards among farmers of the province, the definite impression which the Commission obtained from persons appearing at the hearings was that the Settlement Board has made more impact on the agricultural industry in Nova Scotia than has the Canadian Farm Loan Board. Whether the Canadian Farm Loan Board has adequately met the requirements of farmers in Nova Scotia for mortgage credit is to some extent a matter of opinion. Whether the board can, and will, do so is determined by the limitations imposed by the Canadian Farm Loan Act and the board's interpretation of the act. The situation that has arisen in Nova Scotia points up in some degree a problem pertaining to the adequacy of the farm credit system in Canada. It has been recognized that the Canadian Farm Loan Act of 1927 was "a half-hearted federal venture into the field of long-term agricultural credit" and that the Canadian Farm Loan Board has tended to be conservative.

The board's payment of income tax is a very good indication of that.

The report of the Royal Commission on Agriculture and Rural Life in Saskatchewan stated: "The Canadian Farm Loan Board, established in 1929 and operating in Saskatchewan since 1935, represented an improvement over lending agencies in Saskatchewan and in other provinces. While a useful contribution is being made, it has been overly cautious in its lending policy, first mortgage loans averaging no more than a third of the appraised value of land and buildings. Farmers most in need of fixed capital loans have been unable to get sufficient assistance from this agency."

Whatever the achievements and failures of either the Canadian Farm Loan Board or the Nova Scotia Land Settlement Board may be with respect to satisfying the demands of agricultural producers in Nova Scotia for long-term mortgage credit, the commission has not found evidence of inefficiency on the part of either board, but as might be expected, has received evidence of the existence of both duplication of services and gaps in the credit system at the same time. In view, therefore, of the submissions presented to it and of the difficulty both of drawing a clear line of distinction between a loan for settlement purposes and one for improvement in so far as both pertain to the utilization of agricultural resources within the province and of co-ordinating the activities of the two boards, the commission strongly favours the establishment of one government agency for the supplying of farm credit to agricultural producers in Nova Scotia and hereby emphatically recommend:

Recommendation No. 1

(a) That the Government of the province of Nova Scotia open negotiations with the Government of Canada for the establishment of one board (apart from VLA) to serve as the sole government agency for the supplying of long term credit to farmers in Nova Scotia;

(b) That the majority of members of the board be appointed by the provincial Government;
(c) That funds be supplied to the board by both the federal and provincial Governments;
(d) That responsibility for losses be pro-rated between the two Governments.

There are two reasons for these recommendations, I think, and I am not sure which is the more impressive. First, evidently there was great doubt in the minds of the commissioners about the capacity of the province to have enough cash to continue meeting the demands from the agricultural communities. Secondly, one of the difficulties and perhaps one of the most severe criticisms of the Canadian Farm Loan Board was the fact that it was located in Ottawa. I note from what has been said that some further authority is being given to the local agencies. But at one time all applications for loans had to be sent to Ottawa for processing, and the time that elapsed between the application and the granting of the loan was liable to be about the actual lifetime of an ordinary farmer. Many applicants became discouraged. Therefore, the commission felt it would be better to have a local agency; the commission also thought there would be greater advantage in getting ample funds for the needs of the province.

There is also the question of direction. There have been some outstanding cases where loans were denied to farmers, probably on fairly sound grounds, but certainly not because of the lack of ability on the part of the applicant to repay his loan. Correspondence was submitted to the commission which, while perhaps it was not impertinent, certainly showed that the Canadian Farm Loan Board gave peremptory replies. These letters were sent to responsible citizens of the community, and in many cases were passed around to parish priests and other community leaders to read. This was a matter of poor public relations on the part of the board.

The Nova Scotia Government maintains a Farm Management Department. Many of the farms in Nova Scotia have a considerable woodland area. It is perhaps a debatable subject, but the Canadian Farm Loan Board and the Land Settlement Board are rather slow in giving credit for values to timberland in their appraisals. Appraisals are made on an acreage basis, and they allow as much for an acre of brush as for an acre with good timber on it.

The commission thought it would be a good idea to use the two agencies, the Nova Scotia Farm Management Department and the Department of Forestry, to assist in the granting of these loans. So the board decided to make another recommendation, which is the twelfth and last of their recommendations. With the permission of the house I shall read the remarks of the commission leading up to their twelfth recommendation. These observations, which have a bearing on the recommendation, are as follows:

Taking into consideration both the position of the farmer in the economic system generally and the widespread changes occurring in agriculture necessitating larger investment outlays per farm, the Commission was impressed with the need, expressed both by those presenting briefs and those who appeared individually for purposes of discussion, for the provision of consultative and supervisory or management services to complement and render more effective the farm credit system. The contention was that such services would be of assistance both to borrowers and the Government lending agency or agencies not only at the stage of estimating the credit requirements of borrowers at the time of applying for loans but also later, once the loans have been disbursed, when borrowers are utilizing the funds and the production plans are being, or have been, put into operation. Especially would the supervisory service be valuable, it was argued, if the supplying of credit is made a more dynamic aspect of government policy than at present.

Honourable senators, I want it clearly understood that this recommendation did not originate with the commission, but with witnesses who appeared before it as the hearings proceeded.

The report continues:

The mode of operation and role of the consultative and supervisory personnel may be outlined as follows:

First, representatives should familiarize themselves with conditions throughout the province and explore the possibility of strengthening the agricultural industry in the different geographical areas through the medium of farm credit by engaging in informal conversation with farmers individually or in groups about their financial position and their financial requirements. In this manner the consultative and supervisory personnel not only would keep abreast of the needs and the thinking of farmers but also could assist and advise individual farmers in the early stages of making decisions that ultimately will lead to the borrowing of funds. In other words, the supervisory personnel will be engaged in (a) the making of an economic appraisal of the feasibility of expanding the production of existing lines generally, especially those lines which would appear to warrant much more emphasis; and (b) the advising of farmers how best to manage their farm units or, alternatively, how to alter the farm units (e.g. through enlargement) to adapt them more adequately to the recommended product or products.

In so far as the government agency (or agencies) granting long-term loans is (are) concerned, the ground work laid by the supervisory personnel in an informal way would undoubtedly have a bearing both on the question of who submits an application for a loan and on the intended use of the funds. In other words, through consultation, the supervisory personnel can give effective leadership and direction at an early stage to the matter of the channelling of funds into those lines of production offering greatest opportunity. In view of the close relation of agriculture and forestry to one another on so many farms in the province, what is envisaged with regard to the duties of the

supervisory service is a broadening of the work now done by the appraisers of the Canadian Farm Loan Board and the Nova Scotia Land Settlement Board to effect a blending where none exists at present with the activities now falling under the Farm Management Division and Forestry Services of the Departments of Agriculture and Marketing and of Lands and Forests respectively.

Second, because loans to individual farmers can amount to several thousands of dollars, a member of the supervisory or management personnel should review each application and submit a report containing an economic appraisal of the plan to the lending agency, such report to be filed with the application for reference at any time to be used as a guide by the board when considering whether the loan should be granted.

Third, in view of the fact that economic conditions can change drastically during the currency of a loan and that borrowers may decide to fundamentally alter their pattern of agricultural production, the farm management service should be prepared at all times to express an opinion concerning the wisdom of modifying the production plan on any farm on which a loan has been granted.

Fourth, with the growth in the volume of Government lending to farmers an increasingly important function of the supervisory personnel will be to collect and analyse data on the agricultural and forestry situation and outlook and to make this information available in summarized form so that it may serve as a guide (and a warning) to the government lending agency. The research that may be necessary in this regard undoubtedly will require some direct field work throughout the province in addition to the collecting of regular reports of provincial and federal Governments on the agricultural and forest industries generally. In any event, it is anticipated that the information so collected will enable the government lending agency to detect at the earliest opportunity any deep-rooted changes in the agricultural and forestry situation and outlook that have a bearing upon government policy respecting the supplying of credit to farmers. The utilization by the lending agency of the services of personnel technically trained in the fields of agriculture and economics, farm management, and forestry, is essential to the development of a well-rounded program of farm credit.

The question arises, however, whether the services of the consultative and supervisory personel will be too costly to warrant their inclusion in the farm credit program. The answer, of course, depends on how large a staff is to be built up. The more expensive the service the stronger is the argument in support of Recommendation No. 1 which advocates the establishment of one board. For the year ending March 31, 1956, the administrative expenditures in Canada of the Canadian Farm Loan Board, which do not include provision for supervisory services, were 7.7 per cent of loans disbursed. During the same period, expenditures of the Nova Scotia Land Settlement Board were 8 per cent of loans. The administrative expenditures in Nova Scotia during the past fiscal year of the Veterans' Land Administration which, as outlined in this report, is a complete system within itself and is well-known both for the training it provides for its staff and the nature and extent of the supervisory service it offers, were approximately 18 per cent of loans disbursed.

As mentioned above, since a Farm Management Division exists in the Department of Agriculture and Marketing and a Forestry Service in the Department of Lands and Forests, it is the opinion of the Commission that the services of sufficient supervisory personnel can be made available either to the lending agency recommended by Recommendation No. 1, or to the Nova Scotia Land Settlement Board under Recommendation No. 2 at reasonable cost—

Recommendation No. 2 was that the Nova Scotia Land Settlement Board be permitted to enter the mortgage lending field, which is wholly taken up now by the Farm Loan Board. The report continues:

—especially if there is close co-operation between the lending agency, the Farm Management Division, and the Forestry Service. The commission emphasizes, however, that economy in the provision of supervision should not be carried too far as it is conceivable that in any year the supervisory personnel together with the agricultural representatives and the members of the forestry service not only might prevent the loss of a considerable sum of money as a result of the granting of questionable loans but also, more importantly, might influence the course of the utilization of agricultural and forest resources on farms in such a way that the incomes of farmers would be increased by several thousands of dollars.

Therefore, in view of the arguments in favour of making provision for the inclusion of a consultative and supervisory service in the Farm Credit Program, the need for greater integration of forestry and farming on many farm holdings in Nova Scotia, and the existence of farm management and forestry services within the province, the commission hereby recommends:

Recommendation No. 12

(a) That in order to provide the consultative and guidance or supervisory services to agricultural borrowers both at the time of negotiating for loans and later during the course of repayment, steps be taken to relate the work of the Farm Management Division and of the Forestry Services of the Departments of Agriculture and Marketing and of Lands and Forests respectively to the work of whatever lending agency or agencies are retained or established in relation to Recommendation No. 1 and No. 2;

(b) That when each application for a loan is received by the lending agency a member of the supervisory personnel submit an appraisal of the economic possibilities of the plan proposed by the prospective borrower;

(c) That such report be filed with the application for reference purposes and be used as a guide by the lending agency when considering the granting of the loan; and

(d) That in addition to collecting and recording specific and technical information respecting the individual farm units and operators, the lending agency collect and evaluate general information regarding the agricultural and forestry situation and outlook for the purpose of detecting general changes in economic conditions that will impinge upon the agricultural industry of the province and will have a bearing, therefore, on the policy and program of supplying credit to farmers.

As I have said, I was disappointed that there was no mention of these recommendations in this proposed amendment to the act. I understood that negotiations were opened between the Government of Nova Scotia and the Government of Canada with this end in view, but I have no further knowledge of it. I noticed that in the committee proceedings of the other place there were representations on the part of some Nova Scotia members to the minister that Recommendation

No. 1 of the Commission be implemented, but I have no knowledge of his reply. I hope that before long an amendment will be submitted in this connection, and I will have pleasure in seeing this recommendation implemented.

Hon. John T. Haig: Honourable senators, I will keep the house only a few minutes. I wish to congratulate the Canadian Farm Loan Board upon having appointed a capable person as manager of its branch office at Winnipeg. You sometimes wonder whether a person in a job like that will be moved out fast if he happens to be on the wrong side of the fence, politically speaking. I don't know about this man, but as we have no Liberals or C.C.F.'ers in Manitoba perhaps he is a Conservative. On the other hand, his uncle was a strong Liberal. I know this because we attended the same university and we used to have some great old talks. In any event, the manager of the Winnipeg office is very efficient and is giving extremely good service. This means a lot to an organization such as the Farm Loan Board.

Modern farm machinery enables farmers, particularly those of the three Prairie provinces, to operate a section of land almost as economically as they used to operate a half-section. Sometimes farmers have wanted to buy property adjacent to their own but in the past they have found it financially difficult to do so. The new manager of the Winnipeg office has gone out of his way to facilitate this sort of transaction. I want to refer to the case of a farmer who owned a section of land, three-quarters of which was in one location and the other quarter about four miles away. He wanted to sell the quarter-section and buy some land adjacent to his larger piece of property. He needed $11,000 cash and was able to put up $5,500 himself, and the board loaned him $5,500 on his quarter-section. He then bought the property he wanted and sold the quarter-section that was located four miles away.

Hon. Mr. Macdonald: Could he not have borrowed the money from a private institution?

Hon. Mr. Haig: No, because private institutions are not willing to lend money at 5 per cent interest. They want 6 per cent, 7 per cent or even 7½ per cent. In any event, they are not keen on lending money on farm property now. Here is the point I want to make. It takes a provincial organization to handle collections on farm loans, just as it takes a municipal organization to handle collections on municipal property. A company dealing in municipal loans does not want to deal in farm loans because, generally speaking, its personnel are not trained for the purpose. That is why the Canadian Farm Loan Board is gradually taking over the handling of all farm loans in Manitoba. In the farm loans that I have seen go through our law office in the last 15 years, the value of the land being sold has never been mortgaged to a greater extent than 50 per cent. That is a pretty safe criterion. The board charges 5 per cent interest and, as I have indicated, it has facilitated farmers in selling land they don't want and acquiring new land. The young manager of the office in Winnipeg is extremely well liked by the businessmen of Manitoba, and he has rendered the farming community a great service. Incidentally, I call him a young man; he is actually 45, but that is young to me.

The honourable Leader of the Government (Hon. Mr. Aseltine) has given us a clear explanation of the bill. I am not familiar with the situation in Nova Scotia, but the honourable gentleman from Milford-Hants (Hon. Mr. Hawkins) is, and his suggestions may be all to the good.

Hon. Mr. Macdonald: Could the honourable senator tell us whether there is a provincial board in Manitoba that lends money?

Hon. Mr. Haig: What happens is this. A farmer applies for a loan and the branch manager will send an inspector out to make an investigation. There are three such inspectors for the province of Manitoba. The inspector furnishes the branch office with certain information and, on instructions from the branch office, he negotiates a loan for the farmer. The board would not loan $5,500 on a quarter-section if it was four miles from the person who wanted to buy it, but in the case I illustrated the board was quite safe in loaning the money on the quarter-section because it was adjacent to property of the intended purchaser.

Hon. Mr. Aseltine: Did the board make the loan on the whole section?

Hon. Mr. Haig: No, just the quarter-section.

Hon. Mr. Aseltine: You can't get that sort of a loan through very often.

Hon. Mr. Haig: That's because you haven't got good land like we have in Manitoba.

Anyway, this type of activity has brought the board into high respect in Manitoba. The tendency has been for insurance companies and trust companies and other lending institutions to lend money on city property rather than on rural or farm property. This is because they are more familiar with city property. You can't blame them for their attitude. However, the manager of the Manitoba branch of the Canadian Farm Loan

Board has done a great deal to help farmers get loans, and for this reason he has been a great credit to the board.

I am glad to see that the lending power of the board is being extended. The old system that sometimes required a farmer to give a chattel mortgage was an abomination because it made him appear to be in financial trouble. The new basis under which the board has functioned has been satisfactory, and speaking for the farmers of Manitoba I want to say I am highly in favour of this legislation.

Hon. Austin C. Taylor (Westmorland): Honourable senators, it is not my purpose to delay the bill at all. There is not much I can add to what has already been said but I would like to make one or two observations and perhaps offer a few recommendations. I want to thank the honourable Leader of the Government (Hon. Mr. Aseltine) for the full explanation he gave of the bill and for the history of the board's operations. I also want to congratulate the honourable gentleman from Milford-Hants (Hon. Mr. Hawkins) upon his clear explanation of the situation in Nova Scotia. I can assure you that no member of this house knows more about farm loan activities than our honourable colleague. In his modesty he neglected to say that he was chairman of the Royal Commission on Rural Credit that was set up in Nova Scotia. That commission did an excellent job.

A question was asked by the honourable Leader of the Opposition (Hon. Mr. Macdonald) about branch offices of the board. I believe there is a branch office in each province, with a manager and staff. If memory serves me correctly, I believe local advisory committees are set up throughout the various areas of the provinces. I know that is the case in my own province.

Honourable senators, I am in full accord with the amendment before us but I regret that the Canadian Farm Loan Act is not being amended in one or two more places at this time. I feel that the act should be revised and brought up to date to meet the present-day needs of our farm population. In my opinion the act falls quite short of doing that. For instance, I believe that in 1956 the amount that any one farmer could borrow from the board was increased from $5,000 to $15,000. This applies to individuals, but a partnership of two or more cannot secure a loan above that amount; that is the maximum for an individual or for a partnership of two or more people. In many cases a farmer with one or two sons operates a farm and under the act they are not permitted to secure a larger loan than a man who is farming by himself.

Another matter that was raised by the honourable senator from Milford-Hants deserves attention. I should like to emphasize that under the present regulations the valuation placed on a property is based on the cultivated farm lands together with the buildings. In all the eastern provinces, particularly Nova Scotia and New Brunswick, one of the greatest assets to a farmer is his woodlot, whether it contains logs, pulpwood or hardwood, but no consideration has been given to that in the appraisal in relation to loans.

Honourable senators, I should like to make one or two recommendations, in view of the fact that in our province of New Brunswick we have what we call the Farm Settlement Act, similar to what in Nova Scotia is called the Land Settlement Act. The purpose of the board set up under the act is to purchase farms for prospective farmers, and in practice this applies to farmers' sons, although it may apply to any men up to 45 years of age. In my experience, and I spent some seventeen years in administering the Farm Settlement Act in New Brunswick, the great bulk of the applications were from farmers' sons, in cases where there were perhaps two, three or more sons on the farm, one of whom usually remained with the father while the others would be on their own. The board would be given permission to buy such a farm and re-sell it to the applicant over a term of years under an agreement of sale, the farm remaining the property of the board until the final payment was made. I was under the impression, and I think it was confirmed by the honourable Leader of the Government (Hon. Mr. Aseltine), that no authority was granted to the Canadian Farm Loan Board to buy a farm for an individual regardless of the length of his experience or how highly qualified he might be. The act applies to those men who are already farmers, or who own a farm for the purpose of securing more land, buildings or machinery, et cetera. It seems, therefore, that probably there is not a complete service provided, and that there is an overlapping as well.

I suggest to the Leader of the Government —and he can relay to the Government some of the things that I believe many of us feel should be done—that the Canadian Farm Loan Act be consolidated with the Farm Improvement Loans Act, and be incorporated together with the terms and conditions of operations of the provincial boards that are in existence. In other words, it seems to me that instead of there being two organizations lending money, one organization could do the lending, as was suggested by my honourable colleague from Milford-Hants.

I also suggest that the funds be raised by the federal Government, because in my

opinion they can be secured in that way at lower rates of interest, at least up to this point.

I also suggest, and I am not going into detail, that the provinces separately—because each province has its separate problems—enter into an agreement with the dominion Government, and that members of the federal authority and members of the provincial authority be appointed to make up the provincial board, and that there be advisory officers in connection with the organization. I suggest a threefold purpose of the board. First, it should provide long-term loans for the purpose of securing farm properties or land, or additional land. I think that is paramount at this time. Most of us will agree that there is an acute shortage of farm help, and it is not the disposition of young men to work or stay on farms. Also, because of mechanization of the farm we must have larger units to operate, and to secure sufficient machinery to operate successfully and efficiently requires a considerable amount of money. I do not feel that a maximum loan of $15,000 is sufficiently large; I think it should be raised to at least $20,000.

Secondly, I suggest that if there is a partnership of two or more there should be some arrangement, perhaps on a sliding scale, whereby the partnership could secure a larger loan than an individual could secure.

And thirdly, I suggest that in the operation of this board the moneys be loaned to the farmers at cost to the Government. The federal Government could raise the money at a lower rate of interest. My experience is that not many farms in the country today can pay 5 per cent on the total investment, after paying taxes, insurance, and other expenses. As a matter of fact, some years ago in my province we reduced the interest rate on loans, under the Farm Settlement Board, from 5 per cent to 3 per cent, to bring it more in line with the earning capacity of the farm, and the rate still stands at 3 per cent. I am not suggesting that that should be the figure, but that the rate of interest charged the farmers under this plan be not more than the borrowing rate of the federal Government; but in order that there may be some responsibility on the part of the provincial authorities for any losses accruing and for administration expenses, 50 per cent should be paid by the province and 50 per cent by the federal Government.

Honourable senators, those are some of my recommendations. I will not go into the matter further at this time, because no doubt there will be an opportunity before long to study the details. I feel that the Government recognizes there must be some revision of the whole borrowing and credit system, and I hope the Leader of the Government will bring to the Government's attention the needs of farmers in respect to credit loans.

It is true, as my honourable colleague from Winnipeg (Hon. Mr. Haig) said a few moments ago, that in years gone by there were mortgage companies which were quite willing to loan money on farm properties, because that was all they could loan money on, but the time has come when those companies are not interested in farm properties as security for loans. I am suggesting that there should be long-term loans—first for the purpose of purchasing farms or farm lands and secondly, for the purpose of farm improvement, such as drainage, buildings and machinery. I think that shorter-term loans also are required, but at the present time shorter-term loans have been taken care of in part and will continue to be taken care of in many areas by local credit unions and various organizations of that kind.

Honourable senators, I do not want to say any more at this time. I support the amendment now before us. I am disappointed that it does not go farther and I hope the Government will give consideration to the revision and remodelling of the whole credit system in relation to the farm needs of our country.

Hon. John J. MacDonald: Honourable senators, having been an appraiser under the Farm Loan Board back in 1935 I feel that probably I could illustrate to you some of the difficulties that were met with at that time by farmers applying for loans. That was the year when a real honest-to-goodness effort was made to improve the farm loan business. I am very glad that the honourable senator from Churchill (Hon. Mr. Crerar) has just come back into the chamber, because I know that he was a member of the House of Commons when the Bennett Government revamped farm loan legislation. At that time I was selected as an appraiser under the Farm Loan Board.

Hon. Mr. Crerar: May I correct my honourable friend, if he will permit me? I was not in Parliament from 1930 to 1935.

Hon. Mr. MacDonald: I'm sorry, I thought you were. I thought you were in Parliament from 1915 onward.

Hon. Mr. Crerar: No. I was a candidate in the election of 1930 but I retired from public life, temporarily, with the full consent of my constituents.

Hon. Mr. Macdonald: And came back with their full consent.

Hon. Mr. MacDonald: I may say that I was very well acquainted with what went on with

the Farm Loan Board, around 1935, and I just want to describe some of the things that happened then. Let us suppose that a farmer had a mortgage debt and also what is known as unsecured liabilities, and that his total debt, both mortgage and unsecured, amounted to $4,000. Well, if he made application for a loan I had to draw a plan of his farm, to note the size of his buildings and even to observe what sort of a wife he had, whether she appeared to me to be an aggressive person or sort of slack, because all that helped, mind you, to determine whether he would be competent in the future to repay the loan. All these factors had to be taken into consideration. If I felt that man would be able to repay the loan, but that his property and so forth was not worth $4,000, I probably could recommend him for a $3,500 loan. What then did we do? I would advise him of what was decided. Now, in 1934 Farmers' Creditors Arrangement Act was set up and that farmer would have to go before the Farmers' Creditors Arrangement Board and make application. He could get a farm loan of $3,500, but remember he owed $4,000. And what was he going to do about that? Well, his creditors were called in and they probably nipped off a bit here and there and got his debt down to $3,500.

Hon. Mr. Haig: They sure did.

Hon. Mr. MacDonald: That's the point. But I believe that the Farmers' Creditors Arrangement Act was the salvation of a great many people in eastern Canada, through enabling them to stay on the farm. I only hope that if this bill goes before a committee I will have the privilege of attending and finding out some information on how this farm loan business is working today. Let us take care that the day will not come when that same sort of Creditors Arrangement Act will have to be brought to life again.

I am not going to say much more. I just wanted to give you a picture of the set-up as it was back in the year 1935. What has happened since then I do not know, but I am going to make it a point to find out.

Hon. F. W. Gershaw: Honourable senators, I heard someone saying something about delays in getting loans from the Canadian Farm Loan Board. In the part of the province from which I come, not only are there long delays before a loan is processed but the answer at the end is always "No", and that for two reasons: one, that some of the applicants are located on irrigated land and possibly not enough information has been gathered yet for the board to properly judge their worth; and secondly, that the rest of the applicants are located in a dry area, and when they apply for a loan they are told something to the effect that loans are not being made on farms in that part of the country, where crop failures occur so often.

I hope that as time goes on those defects will be overcome and that the board will perhaps be better informed and a little more generous so that farmers from all parts may benefit by these farm loans.

Hon. William M. Wall: Honourable senators, I cannot resist the temptation to comment upon this bill, both upon what is in it and also on what is missing. Like other senators, I welcome the legislation because it meets an apparent and documented need for more financial funds with which to give help to farmers, and I wish to express my intention to support this amendment.

The bill was presented to us as a simple, clear piece of legislation which was urgent —urgent because unless it was passed lending would have to stop, as present funds would be exhausted by October 15 and, as I understand it, there has been an accelerated demand for loans within the present statutory limits and regulations. I notice that in June of this year loans were 70 per cent higher than they were in June of last year. For example, in the first six months of 1958 there were 106 per cent more loans than in the first six months of 1957, so that there is some urgency to this legislation. We support this amendment, which is akin to the amendment made back in 1957 when the Canadian Farm Loan Board's capital stock was increased from 30,000 shares to 40,000 shares.

I for one hope that the bill will be referred to committee, because it appears that important changes in methods and procedure have been made since the last amendment to the act, and that there is a change of tone and attitude in the way the board has been handling this work since 1956. I think that it probably would be interesting for honourable senators to have more specifics about these changes.

I must align myself with honourable senators who have spoken before me—the honourable senator from Milford-Hants (Hon. Mr. Hawkins) and the honourable senator from Westmorland (Hon. Mr. Taylor)—in expressing my disappointment that the bill is so brief and its contents so far removed from the comprehensive changes in farm credit statutes which I was led to expect. Merely to increase the board's capitalization by $2 million and therefore its borrowing power by $40 million, and its lending power by $40 million or more if a part of the capital is also used for mortgages, is all very fine. But that is all.

Nothing is said about changing the ground rules or the yardsticks so that improvements may be made in meeting under this act the demand for the kind of farm credit which the present Government spokesmen when in opposition said was needed and should have been provided for when the act was amended in 1956. Hence, I wish to bring these observations to your attention in order that this bill may be put into its proper context and perspective. It is to these omissions that I wish to address a few remarks, to the things that I thought I would see in the bill.

I submit, honourable senators, that this bill falls far short of the expressed conviction of the present spokesman of the Government and of the election promises to which I listened.

I must admit, however, that the honourable minister who introduced this bill in the other house admitted to the temporary nature of the changes. At page 2297 of the House of Commons *Hansard* the minister is reported as follows:

> At the present time the Government is engaged in a comprehensive study and review of all three acts

—that is the Canadian Farm Loan Act, the Farm Improvement Loans Act and the Veterans' Land Act—

> with a view to determining where enlargement of scope,

I would stress those words:

> expansion in function or improvement in the methods of operation may be required.

The minister goes on to say:

> That study is continuing and will continue for some time.

I, for one, favour integration of the three farm credit acts into one comprehensive, modern farm loan policy. May I add to the observations of the honourable senator from Westmorland my hope that the jurisdiction under which this comprehensive modern farm loan policy will operate will be in the hands of the Department of Agriculture.

Let me refer to the promise of the honourable Minister of Finance, that a study is continuing and will continue for some time. This promise is basically lame, and I contend it does not absolve the Government from making now, at this session, necessary and sequential changes which its spokesmen were convinced could and should have been made in the act back in 1956.

How long is this promised study to take? Let us assume it will take one year; maybe it will take two years. By the time the changes come into the statute two years may have elapsed. Why should not farmers who need a specific type of credit benefit now?

I wish to document some of this background. Rising to speak after the motion for the second reading of the amendments in 1956, the spokesman for the then Opposition said that those amendments—which were substantial amendments to the operational aspects of the act, and which did enlarge its scope a great deal—marked a move in the right direction but that the changes did not go far enough to meet the special capital needs of our agricultural economy. Then the speaker documented some of the needs as seen by the then Opposition. He stressed the need for a relatively higher percentage of capitalization and for long-term loans at low interest rates; also, he pointed to the special need for short-term farm credit. He pointed to the special needs of farmers now operating on uneconomic farm units and especially he stressed the needs of the young farmers who were beginning to farm. Mention was also made of supervisory services. This speaker then pointed out, for example, that it took $35,000 in capital to buy an economical farm unit, and he documented the specific items of $13,500 for land, $8,900 for the buildings and so on, until he got a figure of $35,000. Then he queried how the new 1956 maximum, which was then set at $15,000, could meet this need of buying an economical farm unit at $35,000. Today I have to repeat this same query: how can the present limitation of $15,000 meet this need? And I ask why the present bill is so overly short and why it does not contain amendments which would change these operative ground rules of the board: for example, by increasing the size of the maximum loans.

I want to point out too that, as reported on page 3640 of the Commons *Hansard* of 1956, an Opposition spokesman, the present Honourable Mr. Macdonnell, moved an amendment as follows:

> That clause 6, subparagraph (ii) be amended by striking out the word "fifteen" and replacing it by the word "twenty".

This amendment was moved after the bill had been considered in a standing committee and was on third reading. So I am disappointed that there is not an additional item in this bill saying something about changing the maximum from the $15,000 to the $20,000 which was then regarded as a very important and necessary amendment to the bill.

I regret that the honourable senator from Hastings-Frontenac (Hon. Mr. White) is not present in the chamber, for he spoke in the other house suggesting that the percentage of the loan *vis-à-vis* the assessed value could and should be increased to 75 per cent. Why do we not have now a section in the present bill changing this percentage of the maximum from 65 per cent, which was then regarded as inadequate, to 75 per cent, which was then

regarded as adequate? I was hoping that I would see a section in the bill amending section 6 (1) of the act so as to change the percentage from 65 per cent to 75 per cent.

Before closing, I should like to point out that interesting commitments were made not very long ago by the spokesmen of the present Government concerning long-term farm credit. On March 11 of this year the Prime Minister is quoted in the Hamilton *Spectator* as having said:

> Long-term credit will be extended to help farmers plan for the future.

At the famous Mont Tremblant Conference the Minister of Agriculture was quoted, on September 18, 1957, as follows:

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

If honourable senators are acquainted with the Veterans' Land Act they will see that there would be substantial improvements in this legislation if some of the features of that act were taken into consideration. So I must end by asking this question of myself: In view of all these things, why is this bill so barren of new concepts regarding the whole problem area of farm credit? Is it too late to suggest that perhaps somehow, by some magic, additional amendments might yet be made by the Government even at this late date?

Honourable senators will know from reading press reports that there have been statements made running something like this: Why didn't they do it, when? I must admit that I am mischievous enough this afternoon to ask: Why doesn't the Government do it now, when the same need exists, when new visions of opportunity beckon, when new concepts of responsibility so ordain? I feel that the Government is secure in its political convictions of needed changes, secure in the knowledge that the members of this house will not oppose sensible changes in legislation dealing with extension of farm credit, and I am sure that the Government is secure in the overwhelming majority that it has in the other house.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until Tuesday, August 5, at 8 p.m.

THE SENATE

Tuesday, August 5, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I beg to lay on the Table the following documents:

Agreement between the Government of Canada and the Nova Scotia Power Commission, dated March 26, 1957. (English text).

The *Canada Gazette*, Part II, Statutory Orders and Regulations, 1958, of Wednesday, July 23, 1958, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. (English and French texts).

Agreement between the Government of Canada and the Government of Saskatchewan, made July 25, 1958, concerning the South Saskatchewan River Project. (English text).

PRIVATE BILL

WESTCOAST TRANSMISSION COMPANY LIMITED

—FIRST READING

Hon. William R. Brunt presented Bill S-16, respecting Westcoast Transmission Company Limited.

He said: Honourable senators, the bill is a very simple one. The company desires the right to change the number of persons who shall compose the board of directors, and they desire to have the further right to set up an executive committee which will be composed of part of the directorate of the company. On second reading I can give a full explanation.

Bill read first time.

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

Hon. Mr. Brunt: Thursday next.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 281 to 293.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Roebuck: Honourable senators, it has been the practice for a number of years, as we approach the close of the session, to expedite passage of Divorce Committee reports in order that the bills resulting therefrom may be sent as soon as possible to the House of Commons for consideration, and so that as few as possible may die on the Order Paper. I think that stage of the present session has now been reached; and therefore, on behalf of the Divorce Committee, I would ask that these reports be considered now.

Hon. Mr. Aseltine: Agreed.

Hon. Senators: Agreed.

Hon. Mr. Macdonald: I think the honourable gentleman is rather optimistic in thinking we are near the close of the session.

Hon. Mr. Roebuck: I may be.

I now move, with leave, that these reports be adopted.

Motion agreed to.

DESTRUCTION OF DOCUMENTS

NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, I beg leave to give the following notice of inquiry:

(1) Referring to Appendix "B" of the Senate *Hansard* of June 24 ult., who were the representatives named by the Ministers of National Defence, the Ministers of Labour, the Ministers of Public Works, the Ministers of Trade and Commerce, the Secretaries of State for External Affairs, the Ministers of Finance and the Canadian Historical Association?

(2) How much was paid to each one?

(3) Did the following departments: the Prime Minister's Office, Veterans Affairs, Transport, the Solicitor General of Canada, Justice, National Revenue, Agriculture, Citizenship and Immigration, Fisheries, Post Office, Mines and Technical Surveys, National Health and Welfare, Northern Affairs and National Resources, and Defence Production have any representatives on the Public Records Committee since 1945?

(4) If so, who were they? If not, who were the acting representatives for the said departments?

(5) Since September 20, 1945, what quantity of official documents from each department has been incinerated or sold to the junk man?

I could ask a sixth question, as follows:

How many sheets of paper would there be in a cubic foot of stationery?

The reason why I ask that question is that in the answer that was given on June 24 in reply to my inquiry regarding the destruction of documents there was a statement of the number of cubic feet of paper destroyed.

CENTRAL MORTGAGE BANK

NOTICE OF INQUIRY

Hon. Mr. Pouliot: I have a second notice of inquiry, as follows:

(1) After the Central Mortgage Bank Bill had passed all stages at the session of 1939, were the Central Mortgage Bank directors named and, if so, on what date?

(2) Did the said act go into effect, and if not, why?

My information, which is not definite, is that directors were appointed but they could not take up their duties because the act was not put into effect.

BUSINESS OF THE SENATE

Hon. W. Ross Macdonald: Honourable senators, I noticed in the press the other day a dispatch to the effect that the Minister of Justice intends to call a meeting with provincial representatives to discuss the Fauteux Committee report. I also noticed on the Orders of the Day of the other house that the Minister of Justice has a resolution which reads in part as follows:

Resolved, that it is expedient to introduce a measure to establish a board to be known as the National Parole Board—

Honourable senators, the reason I am asking this question is that I know there are quite a number of members of this house who are very much interested in that resolution and have been giving careful consideration to the Fauteux Committee report, with a view to discussing the bill for the setting up of the National Parole Board, when that bill comes to the Senate. Could the Leader of the Government (Hon. Mr. Aseltine) inform this house whether it is the intention of the Minister of Justice to proceed with the resolution that I have mentioned?

Also, in view of the optimistic statement by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) as to the approaching end of the session, could the Leader of the Government give us some idea as to what further legislation we can expect before prorogation?

Hon. W. M. Aseltine: Honourable senators, the matter which has just been brought to the attention of the house by the Leader of the Opposition (Hon. Mr. Macdonald) is Order No. 17 on the Routine Proceedings and Orders of the Day in the other house. My honourable friend told me he was going to ask this question, so I am not surprised, but it was rather late in the day when he brought the matter up and I have not yet been able to get the answer.

Hon. Mr. Macdonald: Some notice is better than no notice at all.

Hon. Mr. Aseltine: I may be able to have the answer tomorrow.

With regard to the question as to what legislation we can expect to receive in this house between now and prorogation, I might say that besides Order No. 17, which has just been referred to, there are fourteen pieces of legislation mentioned in the Orders of the Day and which I understand it was stated yesterday are expected to be proceeded with. In addition to those fifteen measures, a statement was made yesterday by the Prime Minister to the effect that seven other pieces of legislation would be brought down: a Bill of Rights Act, a bill to amend the Broadcasting Act, legislation with respect to the South Saskatchewan Dam, a bill to provide for the construction of a bridge in New Brunswick—I think at Campobello and connecting with Maine—a bill to amend the Customs Act, a bill to amend the Citizenship Act, and a bill respecting supply for 1957-58. So between now and prorogation 22 bills will probably come to this house for our consideration. I had expected that we would have certain legislation from the other house by this evening, namely, a bill to amend the excise tax, a bill with respect to the taxation of estates, a bill to amend the Customs Act, and a bill to amend the Income Tax Act, but very little progress has been made in the other house on these bills and it may be a day or two before we receive them. However, on Wednesday or Thursday we shall have an interim supply bill. That, honourable senators, is all of the information I have at the present time.

Hon. Mr. Pouliot: Merry Christmas!

Hon. Mr. Crerar: In view of the program of legislation which the honourable leader has outlined, may I ask if he can give the house any idea when prorogation may come?

Hon. Mr. Aseltine: I am betting on the 23rd day of August.

Hon. Mr. Bouffard: We would have to get the consent of the Senate to win that bet.

Hon. Mr. Euler: What sort of odds, Mr. Leader?

Hon. William M. Wall: Honourable senators, I wonder if I may ask the Government Leader a question arising out of what he has said about legislation still to come before the house, and which confirms press reports that it is the intention of the Government to bring forward legislation concerning a bill of rights. I have read some of the debates about the Bill of Rights, and I noticed in the Commons *Hansard* for 1955, at page 903, that the present Prime Minister asked at that time what serious objection there could be to the setting up each year of a joint committee of the House of Commons and the Senate to act as a kind of watchdog over civil and human rights. Can the Leader of the Government (Hon. Mr. Aseltine) tell us whether it is the intention of the Government now to set up a joint committee before proceeding with the introduction of the Bill of Rights, which is reported to be drafted and ready?

Hon. Mr. Aseltine: I have no information whatsoever other than what I have given to the house.

NEWFOUNDLAND FINANCES

ROYAL COMMISSION REPORT

Hon. G. Percival Burchill: Honourable senators, I would like to ask the honourable Leader of the Government (Hon. Mr.

Aseltine) if the report of the Royal Commission on Newfoundland Finances referred to in a notice given by the honourable senator from St. John's West (Hon. Mr. Pratt), has been tabled in this house, and if not has he any prospect of when it will be tabled?

Hon. Mr. Aseltine: I understand it has been tabled.

ADDRESS BY DR. W. KAYE LAMB

NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, may I give notice of the following inquiry:

For a copy of the text of the address delivered by Dr. W. Kaye Lamb, Dominion Archivist and National Librarian and Vice-Chairman *ex officio* of the Public Records Committee for the Destruction of Official Documents, in which he was reported to have said at a meeting of the Canadian Historical Society, held at Edmonton on or about June 7 ult., that existing biographies of Canadians could be counted on the fingers of one hand.

Honourable senators, I would like to have the complete text of his address because, besides his other occupations, he is also one of the executors under the will of the late William Lyon Mackenzie King.

TRUST AND LOAN COMPANIES

INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

With regard to the trust and loan companies referred to in the last report of the report of the Superintendent of Insurance—

1. What was the aggregate of the sums of money borrowed and of money entrusted to each one of them for investment, the repayment of which was guaranteed by them during the last fiscal year?

2. What was the corresponding amount of the unimpaired paid-up capital stock and reserve of the said companies, respectively, during the same period?

Hon. W. M. Aseltine: Honourable senators, the answer to the honourable gentleman's inquiry is as follows:

1 and 2.—The information requested is given in the following table, compiled as at December 31, 1957, this being the latest date for which complete data are available for all companies.

	As at Dec. 31, 1957	
Loan companies	*Aggregate Borrowed Money	Paid Capital and Reserves
	$	$
(a) Canada Permanent Mortgage Corporation	139,312,347	17,623,282
(a) Eastern Canada Savings and Loan Company	28,661,049	3,376,834
(a) Gillespie Mortgage Corporation	51,895	104,289
(a) Huron and Erie Mortgage Corporation	94,065,748	13,116,197
(a) International Loan Company	500,000	1,702,252
(b) Nova Scotia Savings, Loan and Building Society	12,669,938	2,606,617
(b) Yarmouth Building and Loan Society	559,175	287,265
	275,820,152	38,816,736
Trust companies		
(b) Acadia Trust Company	882,943	1,231,622
(a) Canada Permanent Trust Company	127,837	3,704,167
(a) Canada Trust Company	45,120,283	7,112,063
(b) Central Trust Company of Canada	5,945,542	726,485
(a) Chartered Trust Company	25,180,686	3,968,627
(a) Commercial Trust Company	—	719,071
(a) Eastern Trust Company	19,881,748	1,793,208
(b) Equitable Trust Company	1,182,847	1,488,946
(a) Guaranty Trust Company of Canada	48,864,661	4,704,249
(a) Investors Trust Company	—	1,000,000
(b) Maritime Trust Company	—	353,003
(b) North Canadian Trust Company	9,600	194,269
(b) Nova Scotia Trust Company	5,141,466	1,068,678
(a) Premier Trust Company	12,808,761	1,671,213
(a) Prudential Trust Company	—	391,997
(b) Regent Trust Company	—	375,192
(a) Sterling Trusts Corporation	11,732,489	1,677,963
(a) Western Trust Company	95,048	1,697,472
	176,973,911	33,878,225

*Including in the case of loan companies both deposits and debentures and in the case of trust companies both deposits and guaranteed investment certificates.

(a) Companies incorporated by or under the authority of Parliament.

(b) Companies incorporated provincially.

Hon. Mr. Pouliot: I thank you.

PRIVATE BILL

STANMOUNT PIPE LINE COMPANY— THIRD READING

Hon. Gunnar S. Thorvaldson moved the third reading of Bill S-14, respecting Stanmount Pipe Line Company.

Motion agreed to and bill read third time and passed.

DIVORCE

BILLS—SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-250, for the relief of Dorothy Mary Shrimpton Legault.

Bill SD-251, for the relief of Maria Giusseppa Di Nunno.

Bill SD-252, for the relief of Marie Jacqueline Fernande Belisle Wechselberger.

Bill SD-253, for the relief of Simonne Fournier Bergeron.

Bill SD-254, for the relief of Cecily Anne Maud Carter Bernard.

Bill SD-255, for the relief of Marie Henriette Andree Massue Prevost.

Bill SD-256, for the relief of Lovell Orville Woodard.

Bill SD-257, for the relief of Joseph Wing.

Bill SD-258, for the relief of Adrienne Menard Huot.

Bill SD-259, for the relief of Hilda Jamesie Hatfield Carter.

Bill SD-260, for the relief of Evelyn Mae Wood Snell.

Bill SD-261, for the relief of Robert Smith.

Bill SD-262, for the relief of Ethel Fisk Gwynne-Davies.

Bill SD-263, for the relief of Marie Reine Drouin Milliard.

Bill SD-264, for the relief of Joseph Leonidas Albert Paradis.

Bill SD-265, for the relief of Hyman Wexler.

Bill SD-266, for the relief of Natasha Harpf Crayter.

Bill SD-267, for the relief of Martha Ratelle Holtken.

Bill SD-268, for the relief of Shirley Bertha Marietta Birrell Wilson.

Bill SD-269, for the relief of Norma Elizabeth Gammie Costigan.

Bill SD-270, for the relief of Merita Helen Gertrude Alarie Russell.

Bill SD-271, for the relief of Sydney Clarence Walker.

Bill SD-272, for the relief of Barbara Anne Young McFadden Pallett.

Hon. Jean-François Pouliot: Honourable senators, before this motion is put I would like to draw attention to a matter of considerable importance. All of you must have realized that the evidence in the various cases before the Divorce Committee piles up much higher than our sessional papers, than the *Hansard* of the Senate, and the Minutes of the Senate, and the reports of the other committees of the Senate. It would be interesting to know how much time our *Hansard* staff spends in taking the evidence in shorthand and transcribing it. They must spend five times as much time in doing that work as in reporting debates and other committees. The conclusion is obvious: it is that at times when very important committees are sitting we cannot have a stenographic report made because the reporters are held at the Divorce Committee taking notes in the various cases. It is unfortunate that the work of the Senate suffers owing to the number of divorce cases that are brought before the Senate committee.

We have an experienced *Hansard* staff; they work nearly day and night to do the work of the Divorce Committee. We have their services here in the chamber for our debates, but we cannot have them in our other committees. This is something everybody knows. I wonder if it would not be easier if the members of the Divorce Committee took a few notes of the evidence given before them. For instance, if the evidence was that the sheets were up to the neck or shoulders, the note need only show "ditto"; if the clothes are on the chair, another "ditto". In this way a lot of time would be saved, we would have the valuable assistance of the Senate reporters at our other committees, and as a result the country would benefit.

Some days ago I said that I would think hard to offer a suggestion on this subject. Honourable senators, this is one suggestion. Nobody would suffer if the honourable gentlemen who sit on the Divorce Committee would make a note that they are satisfied with the evidence; they could say "ditto" for their decisions too. It does not take long to write "ditto". It would be a time- and money-saving experiment, and I submit it in all good faith, with the hope that it will be taken into consideration if another more constructive way cannot be found.

Hon. W. M. Aseltine: Honourable senators, may I say that the honourable senator from De la Durantaye (Hon. Mr. Pouliot) is absolutely incorrect in what he has said. If

he implies by his remarks that on certain occasions we have not been able to get the services of our reporting staff to record the proceedings of any committee, let me say that in all the years I have been in the Senate I have never known of an instance when the proceedings of a committee were not reported if we wanted them to be reported. We have a staff, they are ready to work, and we can have them whenever we want them.

Hon. W. D. Euler: Honourable senators, I would like to suggest that our friend from De la Durantaye (Hon. Mr. Pouliot) support a resolution to relieve this house of the necessity of dealing with divorce cases entirely by establishing divorce courts in those provinces that do not have them now and whose citizens have to petition for divorce to the Senate of Canada.

Hon. F. W. Gershaw: Honourable senators, may I say a word on this subject?

It has been suggested that there is considerable expense involved in the reporting of the work of the Divorce Committee. That may be true, but it should be pointed out that the petitioner in each case pays a basic fee of $210. Occasionally in the case of a petitioner who is in poor circumstances—for instance, a servant girl—the amount of the fee is reduced to perhaps $50; on one or two occasions I have known the entire fee to be remitted. A calculation of the cost of handling these cases indicates that the printing, translating and stenographic work amounts to about $125. I am advised that if a petitioner withdraws his petition, he still pays $25 to cover the cost of printing and translation. It is apparent that the work of the Divorce Committee does not result in any monetary loss to the Treasury; on the contrary, the Consolidated Revenue Fund receives revenue from this source.

However, honourable senators, this does not detract from the unfortunate fact that these cases have to be dealt with here. Every case is a domestic tragedy, and the members of the committee are most particular to inquire whether there is any hope of a reconciliation between the parties or a chance of saving the marriage; the committee also inquires about the arrangements being made for the maintenance and education of the children.

The honourable senator from De la Durantaye (Hon. Mr. Pouliot) has suggested a procedure by which if the members of the Divorce Committee were satisfied with a case they would pass it and that should be the end of the matter. It is hardly as simple as that. The reports of the committee in each case come before this chamber and are sent to the other chamber where, on some occasions, there has been a good deal of comment and criticism. Because of this, the honourable chairman of the committee (Hon. Mr. Roebuck) has briefed us all on the necessity of having, before a case is recommended, strong and convincing evidence and such as will satisfy the committee in the other house and the members generally.

Hon. Mr. Roebuck: May I add a word? I am glad that others beside myself have spoken on this question. But with regard to interference by the Divorce Committee with the operation of other committees, may I point out that as a rule the other committees meet on Tuesdays, Wednesdays and Thursdays, whereas the Divorce Committee holds its regular meetings on Mondays and Fridays. This arrangement is rather important in two respects. For one thing, members of the Divorce Committee are hearing cases on days —Mondays and Fridays—when quite frequently—not always, but sometimes—other honourable senators are elsewhere, perhaps at home.

Hon. Mr. Haig: Only those from Ontario and Quebec.

Hon. Mr. Roebuck: That is true, and I suggest that is why the majority of the members of the Divorce Committee are from provinces other than Ontario and Quebec. I happen to come from Ontario, and quite frequently could spend some time at home were I not engaged on the Divorce Committee on Mondays and Fridays.

Hon. Mr. Macdonald: I believe other honourable senators from Ontario are in the same position.

Hon. Mr. Roebuck: Yes, that is so.

The other point I should like to make, and which has been referred to, relates to the financing of the work of the committee. This session the committee has tried more than 300 cases, representing in terms of payments received, at say $200 a case, something of the order of $60,000, while the estimate of cost, as has been said, is $125 a case, so that there may be said to be in actual profit somewhere around $25,000 or $30,000. The committee, of course, uses the reporting staff to a certain extent; and certainly the divorce work interferes with the freedom of members of the committee, many of whom would like to attend other committees. But I do not like to see the situation exaggerated and the idea spread that the Divorce Committee is preventing the Senate from functioning in the most efficient manner. That is not so.

One word more, and that is with regard to this "ditto, ditto" suggestion of my friend

from De la Durantaye (Hon. Mr. Pouliot). My friend, I think, is misinformed or not sufficiently informed with regard to the character of the cases we try. It is true that a certain number of them are of the "hotel room" kind, but not all are, by any means. I have given instructions quite recently to ascertain just how many cases there are of that type, and I believe my colleagues will be surprised at the percentage of cases that do not arise from that type of evidence. I have sat now as chairman of this committee for the last five years and I have come to have a greater confidence rather than a lesser one in the professional evidence that comes before us. We have found the men who testify for wages, who come back over and over again, to be fairly responsible witnesses and I resent any charge against them of perjury or fixing up of cases, and so on, for after considerable experience I do not feel that these are frequent occurrences. They occur very seldom and I would not charge any of the professional witnesses who come before us with being guilty of an offence in this class. Any such charge should be thoroughly backed up with real knowledge and not based on general statements alone. The taking of notes by members of the committee would be quite unsatisfactory. The report of the committee's proceedings in each case goes to the other chamber and the evidence must be thoroughly reported.

Let me say a word of commendation of our reporting staff. I have occasion to be very familiar with their work in reporting these cases, and I am sure all my colleagues on the committee will agree with me when I say that the reporting is of the very highest class.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Roebuck: They do their work in a capable and faithful manner.

I am grateful to my honourable friend from De la Durantaye for his kind attitude toward the members of this committee. I thank him for thinking hard, as he says, to find some solution of the difficulties that face us in doing this work. I hope he will go on thinking hard.

Hon. Gunnar S. Thorvaldson: Honourable senators, it has been a great pleasure to listen to a discussion such as this, and I just want to contribute a very few words to it. The reason I do so is that I was particularly impressed by the fact that the debate was commenced by the honourable senator from De la Durantaye (Hon. Mr. Pouliot), although I think it has probably gone off on a tangent not intended by him. I may have misunderstood the honourable gentleman and if I did so I hope he will correct me, but I gather from his remarks that he does not believe divorces should be heard by the Senate. Well, I just want to say that I agree with him most heartily. A discussion such as this at least gave the honourable senator from Waterloo (Hon. Mr. Euler) an opportunity to make the suggestion he did, and it gives me the opportunity to agree with him most heartily. Perhaps if we had a debate like this each session for a few years there might be hope that in due course the honourable senator from De la Durantaye and those associated with him in his views, which of course we respect, would support us in organizing proper courts for the two provinces from which petitions for divorce now come to Parliament. Then we could be rid of what I deem to be a great nuisance to the Parliament of this country, namely, that senators are compelled to listen day by day to divorce cases.

While I have said these things I do want to pay my respects to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) and commend him for the most efficient and capable manner in which he continues the work of chairman of this committee. Nothing I have said is intended to detract from the very faithful work that he does. However, I am happy to have this opportunity of adding my support to the few remarks that were made by the honourable senator from Waterloo (Hon. Mr. Euler).

Hon. Mr. Pouliot: When may we expect the resolution, sooner or later?

Hon. Gustave Monette: Honourable senators, I excuse myself for rising to speak tonight, because I have not had time to look a little more deeply into the question under discussion. I say, first, that all of us, on both sides, are not very far apart on this question. There may be a few topics on which we in Quebec cannot agree with honourable senators from the other provinces, although we realize they are very sincere in their suggestions. This question is very serious, and I do not think that even the senator from De la Durantaye (Hon. Mr. Pouliot) has in mind any criticism of the work of honourable senators who sit on the Divorce Committee.

Hon. Mr. Pouliot: No. I said that last week.

Hon. Mr. Monette: On the contrary, he has complimented those who sit on the Divorce Committee. Speaking from what I have observed in this Chamber—I have not been here long and I have not had the experience that others have had in this field—I can say that I am very gratified and enlightened by the attention, sincerity and indefatigable

work of the members of this house who dispense justice in the hearing of divorce cases. I do not think anybody in this house doubts that.

I go a little further and say that I now know personally many of the senators who sit on the committee, and I judge them all by the chairman, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). He is not a young man; he is not a precipitate man. In this work his reports are not only always fair and based on the evidence, but are also in accordance with the law which allows this committee to pronounce on divorce petitions and forces the Senate to consider them.

I should like to touch on another issue of importance. It is suggested in some quarters that Quebec should have its own divorce courts. However, under the Constitution, that is a matter left for the provinces to decide, and we from Quebec do not think we are in a position to accept such a suggestion. Furthermore, we do not feel that that suggestion would be accepted in Quebec. Some may honestly believe this stand on our part is wrong; others may honestly believe it is right. However, our religion does not favour divorces. We do not feel that marriages should be dissolved by courts, neither do we believe they should be broken by the authority of the Senate. Yet, it is the law under our Canadian Constitution, and we have to abide by it. I do not think any of us would dispute the authority of this house in considering petitions for divorce and in relieving the parties after the hearing of evidence.

The framers of our Constitution provided a remedy for people in Quebec seeking divorce, by giving authority to the Senate to hear their petitions, because it was felt that the province of Quebec should not be forced to have divorce courts if it did not want them. Now we are living in times when hundreds of divorce petitions a year are presented to the Senate and the number is continuing to increase. It has become an onerous task. I do not think I am wrong when I anticipate there will come a time when we shall no longer be able to meet the situation, and therefore it might be well to think now of another remedy. The remedy would not be to have divorce courts in the province of Quebec, for that would only create dissensions. I do not think we should be forced to that solution. However, I am one of those who do not believe that the hearing of divorce petitions in either the Senate or in courts set up in Quebec is the correct solution. Being a relatively new senator in this house, I do not think I am qualified to make suggestions. Like those of the Jewish tradition, I prefer to leave it to a committee of our elders, who in their wisdom and experience could study the problem calmly and try to find a better solution than exists at present.

Now, a suggestion of the honourable senator from De la Durantaye may appear unconstitutional or unwarranted under our system of law. It was that petitioners from Quebec and Newfoundland be allowed for divorce purposes to establish temporary residence elsewhere. I am not in favour of that. I think what the honourable senator meant was that a domicile in another province might be acquired for a time, and that after a certain number of months of residence there the petitioner might be qualified in law to show that his domicile was established for the time being in that province, whether it be Ontario, Saskatchewan, Alberta, or some other province. I am sure that the honourable senator did not mean that such persons should be allowed to establish domicile illegally, or in a permanent manner, as perhaps was suggested.

We in Quebec do not want to accept the idea of a tribunal to pass on divorce cases. And no doubt the courts in other provinces would be annoyed if, in addition to the work already imposed upon them, they were required to pass on divorce applications of people who might appear to be legally domiciled in their provinces, but who, to all intents and purposes, remained domiciled in the province of Quebec or Newfoundland.

What, then, should be offered as a remedy? I would not say at the moment. But I earnestly think that a committee composed of members of both sides of this house could be formed to study this matter, in an endeavour to find a remedy, because ten years from now we shall have 500 bills of divorce each session, and perhaps more.

Hon. Mr. Thorvaldson: We have nearly 500 now.

Hon. Mr. Monette: I thank the honourable senator for correcting me.

I am sorry to say that some people honestly feel the province of Quebec should be forced to have divorce courts. This would not be a proper remedy, for it would cause considerable discussion in Quebec and perhaps some turmoil throughout the country. I do not fear there will be any leglislation of that kind. Let us in Quebec be free to think in our own way, that marriage should be maintained and should not be dissolved. I am one who feels that some people live in terrible circumstances; they are tied together for life by bonds of matrimony, and their plight is very serious. But I am not going to suggest a remedy; I am not going to suggest anything that could be construed in my province as approval on my part of dissolution of marriage by the courts. Such a conclusion is far

from my mind; but I think I am sincere and serious enough to admit that we are bound to have to come in the near future to the necessity for some modification of our present system, and that in one way or another we shall have to face the issue. Why not let us face it immediately?

I beg honourable senators to accept my suggestion for the appointment of an investigating committee. I make the suggestion with profound respect for the opinion of others, and in particular for that of all the members of the Divorce Committee who do so great and important a work. At the same time, I would add this. It is true, as the honourable senator from De la Durantaye said, that the members of the Divorce Committee devote considerable time to the work, and they are among the ablest senators we have in this house. However, when they are engaged in this work we do not have the advantage of their ability in dealing with public legislation which comes before us for consideration. We do not see these senators on other committees often enough. I say this without reproach, but with deep conviction, that among all the senators here none impress me more than those who see it as their duty to sit on divorce matters and do a work which, though important, is yet very tedious. But I do not feel it is the right way to deal with the problem. I leave the issue in the hands of honourable senators.

Hon. Calvert C. Pratt: Honourable senators, I hesitate to speak on the subject of divorce, because I have not participated in the onerous duties that some honourable senators have undertaken in this matter. I agree entirely with what has been said as to the appreciation we should show, and do show, toward those who give of themselves unsparingly to the work of the Divorce Committee. However, I feel that we should seriously consider the present system for dealing with divorce petitions and try to provide one that would be more generally acceptable. I submit it is not in keeping with the traditions and duties of the Parliament of Canada for members of the Senate to devote so much of their time to hearing evidence and adjudicating on the marital troubles of individuals.

Some years ago I made a brief reference in the Senate to this subject and I shall repeat the essence of what I said at that time. I do so because some honourable senators who have spoken this evening have suggested that the time has come to present ideas as to how this problem can be dealt with. We could debate this subject year after year and get nowhere, while the work kept piling up until in time the sheer weight of numbers of cases would force it out of the jurisdiction of this chamber. The suggestion I made formerly was this: Recognizing that divorce is a matter of parliamentary responsibility, we should set up a body of paid officials outside the membership of this house to investigate cases, hear evidence, and present findings to a committee of the Senate. Parliament would then pass on the recommendations presented to the committee, and it would not be necessary for honourable senators to hear the evidence in each case. The members of such a body would probably be drawn from the legal profession, and the fees that are paid now would probably be ample to cover the cost. A committee of members of the Senate, instead of reporting their findings for the consideration of Parliament, would consider the report and recommendations of a paid professional body. The evidence could be printed for review if necessary and much of the present procedure could be followed, but individual senators would be relieved of the burden of hearing evidence in and passing judgment on hundreds of cases.

That is the suggestion I have to make, honourable senators. It may not be entirely complete in all its implications but I trust it will be regarded as worthy of consideration.

Hon. Paul H. Bouffard: Honourable senators, I have had the privilege in the past of sharing in the discussion about the proposed establishment of divorce courts in the provinces of Quebec and Newfoundland. I was moved at that time by the sincerity of all those who spoke on this very difficult subject.

I am always a bit uneasy about speaking on the subject of divorce, knowing, as I do, of the conscientious work which the members of the Divorce Committee are doing. I have great respect for all members of the committee, who volunteer their services. I have great respect for the work done by the former chairman, the Leader of the Government in this house (Hon. Mr. Aseltine), and for the present chairman, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) who has served in that capacity for the past five years. The work of these honourable gentlemen deserves nothing but commendation.

The fact that some of us do not help with the work of this committee makes me uneasy to speak about it. As the chairman of the committee and as the Leader of the Government know, this matter has been discussed very often. I have tried my best to find some solution of the problem. First, I attempted to get into a position where we could help with the work of the committee; unfortunately, that could not be arranged. Up to the present time members of the Roman Catholic Church have not taken part in the work of the committee.

I realize, as do all honourable senators, that the work of the Divorce Committee is increasing all the time, and that in years to come it may not be possible for the committee to handle the volume of work that will come before it. A suggestion has been offered by the honourable senator from Mille Isles (Hon. Mr. Monette) that we form a committee to study the matter. That course may have to be followed in the near future. The honourable senator from St. John's West (Hon. Mr. Pratt) has suggested that an arrangement should be made whereby the committee would be relieved from inquiring into the facts of the cases by having assessors report findings of fact. Such a suggestion has its merits and may well offer a solution. No doubt the two provinces concerned, Quebec and Newfoundland, would prefer this course to having divorce courts forced upon them.

I have a suggestion which I would like to offer to my honourable colleagues. In every province of Canada—certainly in the province of Quebec, and I am sure it is true of the province of Newfoundland—married persons can be separated as to bed and board for reasons of adultery. I recall that when we first discussed the matter of divorce in Parliament I was unable to offer the suggestion I am now about to make for the reason that in the province of Quebec a husband could ask for separation as to bed and board on the grounds of adultery, but a wife could not, unless the adultery complained of had been committed in the common domicile. The Quebec Legislature has now amended the law, and the rights of a wife in this respect are exactly those of her husband: both may ask for separation of bed and board for reasons of adultery. That obstruction has been removed.

My suggestion now is that a study be made of the possibility, at least in so far as Quebec is concerned, of requiring a petitioner to Parliament for a divorce to submit a judgment rendered by a court in the province of Quebec granting separation as to bed and board for reasons of adultery. This judgment, being a final judgment of the Quebec court, could not be challenged; the proof that adultery had beeen committed would be complete, and the divorce could be granted without the necessity of an inquiry, the judgment of the Superior Court of Quebec being taken as good and sound proof of adultery.

Hon. Mr. Monette: As to the fact of adultery.

Hon. Mr. Bouffard: As to the fact of adultery. So an inquiry by the Senate would be completely unnecessary. I am sure that, were the proceedings handled in this way, the committee, being able to dispense with the hearing of witnesses and all the other work involved in a court case, could handle four or five times as many applications in the same space of time as it does today.

That is one suggestion. It may not be a good one, but I think it is worth studying.

Hon. Mr. Monette: May I put a question to the honourable senator? Is it his suggestion that, the moment there is a final judgment in a court of the province of Quebec establishing that adultery was committed, and a separation is granted, all that would be required here would be a mere petition, and the Senate committee would be relieved from the necessity of making a new inquiry and could recommend a divorce?

Hon. Mr. Bouffard: That is what I mean. The court judgment would be complete proof of adultery.

Hon. Mr. Monette: I was aware of the suggestion, but I wished to give the honourable senator from Grandville (Hon. Mr. Bouffard) the opportunity to explain it himself.

Hon. Mr. Bouffard: I wholly agree that there would be no reason for any further inquiry before the Senate committee if a judgment were rendered in the Superior Court granting separation from bed and board because of the commission of adultery.

Hon. Mr. Euler: The senator from Grandville suggests, as I understand him, that the investigation would be made by some court in the province of Quebec, which could grant separation because of an act of adultery; that the evidence would be brought before the Divorce Committee here, and a divorce could be granted on that evidence. Do I understand him to mean that a divorce so granted would give the parties the right to remarry?

Hon. Mr. Bouffard: When a divorce is granted, the right to remarry civilly is also granted, irrespective of whether the proof is made before the Divorce Committee or elsewhere. The only obstacle that might arise to the remarriage of one or other of the parties is the religion to which he or she belongs. That is the party's own business. The fact that a divorce is granted does not obligate either of the parties to remarry.

Hon. Mr. Macdonald: But the honourable senator suggests that every applicant from the province of Quebec should have this decree of the provincial court before he comes to the Senate?

Hon. Mr. Bouffard: Yes. It would be a rule of the committee that no one from Quebec could appear before it without producing a final judgment of separation as to

bed and board because of adultery. Otherwise, the petition would be ignored. This condition would apply, of course, only to Quebec and Newfoundland, and the committee would of necessity accept the judgment of the Superior Court as a definite presumption that adultery had been committed.

Hon. Mr. Thorvaldson: More than a presumption; it would be definite proof.

Hon. Mr. Bouffard: Yes—more than presumption. When I talk of presumption I am referring to a presumption that cannot be destroyed. It would constitute complete proof of adultery, following an inquiry which had been made before the Superior Court, and the judgment of that court would be produced, duly signed by the judge, before the Senate. It would be complete proof of adultery; the judge would state in his judgment that adultery has been committed.

Hon. Mr. Brunt: Can a similar judgment be obtained in Newfoundland?

Hon. Mr. Bouffard: I believe a judgment of separation as to bed and board can be had for adultery.

Hon. Mr. Euler: If a court in Quebec finds that adultery is a cause for separation, would divorce not necessarily follow? The applicant would come immediately to the Parliament of Canada for relief, and the right to divorce would have been really established by the action of the Quebec court. You are proposing a roundabout way of obtaining the same result.

Hon. Mr. Bouffard: I am not of that opinion at all. There are many cases in Quebec where, when adultery has been committed, separation is granted as to bed and board, but you are far from having as many demands for divorce as there are for separation as to bed and board. However, I do not want to discuss the merits of the whole matter; we are only considering suggestions for the purpose of determining whether the committee can be relieved of much of its work, in having to hear witnesses and conduct a full inquiry. We perfectly understand how much work they have to do, and are doing; we sympathize with them, and we are trying to lighten their burden as far as we can. The honourable senator from St. John's West (Hon. Mr. Pratt) has made one suggestion, which I think it is a good one, and I am making another. I do not say it is perfect. I feel it might be a good plan to form a committee where all these suggestions could be brought forward, and perhaps during the course of discussion—

Hon. Mr. Aseltine: There is nothing new about any of these suggestions. They were all made and discussed a couple of years ago when I introduced a bill to amend the Exchequer Court Act with regard to divorce jurisdiction. The bill was defeated by a big majority, and I do not believe we are gaining anything by going into all this now.

Hon. Mr. Thorvaldson: I think we are gaining something; it is a very worth-while discussion.

Hon. Mr. Bouffard: I do not want to discuss divorce; I am not the one who brought the matter up.

Hon. Mr. Howard: You are just making a suggestion.

Hon. Mr. Bouffard: Some member of the house asked if any suggestions could be made, and that is what I am doing. I am not saying whether the decision on the honourable gentleman's bill was a good one. I know we had a clear-cut discussion at the time and that he was extremely sincere, as were all of us who took part in the debate. But if we want to do something for the Divorce Committee let us make some suggestions, and perhaps they may be better considered now than they were two years ago. It may be that we are better prepared now to listen to suggestions on lightening the burden of honourable members who serve on the committee. That is the only reason for my speaking at this time. I make these remarks particularly for the benefit of those members who did not have the privilege of listening to the discussion that took place when the honourable gentleman's bill was introduced here. I have no more suggestions to make tonight, but if a committee were formed perhaps I would present some to it.

Hon. Mr. Monette: Does the honourable senator from Grandville (Hon. Mr. Bouffard) hold the view that there is jurisdiction in Quebec to separate a man and wife as to bed and board on the ground of adultery?

Hon. Mr. Bouffard: Sure there is.

Hon. Mr. Monette: But there is no jurisdiction in Quebec to pronounce divorce at the same time. Is it the suggestion of my honourable friend that when adultery has been proven and separation as to bed and board has been granted, the innocent party could come to Parliament with a copy of that judgment and file suit for divorce, Parliament having jurisdiction to pronounce divorce on the ground of adultery? As I understand my honourable friend's suggestion, the proof of adultery would be made in the province of Quebec on the occasion of an action for separation as to bed and board, and that proof would be automatically accepted by Parliament. In other words, the

Senate would not hear the evidence but would only verify the Quebec judgment based on proof of adultery and would automatically pronounce favourably on the petition for divorces. Is that the view the honourable senator holds?

Hon. Mr. Bouffard: It is exactly that.

Hon. Mr. Monette: I agree with you.

Hon. R. B. Horner: Honourable senators, as a member of the Divorce Committee I have listened to a good many cases over the years. I think it is misleading to suggest that in many cases the petitioner has been living with his or her spouse as man and wife almost up to the time of application to the Senate for divorce. In some cases the husband and wife have been separated for as long as 20 years. It has been suggested that divorce petitioners should move out of the province of Quebec and take up domicile elsewhere, perhaps in the province of Saskatchewan. I have no authority to invite those people to my province, but it might be of some benefit if they went there. However, it could result in a great depletion of the population of Quebec if we turned Saskatchewan into a place for evasion of the present law. We have had some cases of prominent people going there and taking up residence.

Hon. Mr. Euler: It would make a little Reno of the province of Saskatchewan.

Hon. Mr. Horner: Yes. However, what I rose to say was this. If, as the honourable senator argues, a spouse living in Quebec were granted separation as to bed and board, and the evidence in proof of adultery was taken in that province, there would be nothing for the Senate to do but grant the petitioner a divorce. For the life of me, I fail to see any difference between that procedure and the granting of divorce by the Quebec courts. People would say, "Well, the plaintiffs are attempting to prove adultery for purposes of divorce petitions." The courts would be reluctant to grant such a decree because in effect they would be granting divorces. If evidence submitted to the Senate was accepted as proof of adultery without any further inquiry, you would to all intents and purposes have your divorce court in the province of Quebec.

Hon. G. Percival Burchill: Honourable senators, I just want to say that I sit as a member of the Divorce Committee out of a sheer sense of duty and nothing else, and I am quite sure that there are other members of the committee who share my views. Honourable senators from the province of Quebec who decline to sit on the committee do so because the church to which they belong is opposed to divorce. That is their privilege, and it is their duty to do as they see fit. I too belong to a church that is opposed to divorce.

Hon. Mr. Roebuck: So do I.

Hon. Mr. Burchill: But I also belong to a body in the Parliament of Canada, one of whose duties it is to pass on petitions for divorce. I consider it my duty to do the things for which I took an oath when I became a member of this body, and that is what I am trying to do.

If there is any thought at all of appointing a committee to discuss ways and means by which the situation may be improved, I would suggest to the honourable senators from the province of Quebec that if they do not become members of the committee they should select one from among their number to act as an observer during a session, to note what takes place in the committee. I feel quite sure that they would benefit as I have benefited, and they would then have a totally different idea of the whole proceedings. I do not think that anybody should discuss this matter without a knowledge of what takes place during the weeks and months when the committee is listening to what have been properly described as domestic tragedies and trying to come to a proper decision about them. If at least one or two honourable senators from Quebec would sit in as observers and see what is taking place, I am quite sure that when a committee met later to consider the problem they would have a greater appreciation of just what it is, and that would help greatly in reaching a solution.

Hon. Mr. Monette: May I put a question to the honourable senator? I hope he will take my word for it that in all our discussion, none of us in Quebec—Catholics—mean to reproach the honourable members of the Divorce Committee. It is simply that we feel we cannot agree to sit on that committee. Our refusal is in keeping with our religion and does not imply that we have no confidence in the honourable senators who do the job. Please believe that we are fully satisfied in that respect. If I were entitled to be a member of that committee I would like my work on it to be as highly regarded as that of the present members is regarded by me.

Hon. John J. Kinley: Honourable senators, this discussion was started by the senator from De la Durantaye (Hon. Mr. Pouliot) on the question of the cost of printing divorce cases. I agree the cost seems high but, as was suggested by the honourable senator from Medicine Hat (Hon. Mr. Gershaw), it is largely paid by the petitioners

for divorce, and each year there is a balance which goes to the general revenue of the country.

I have been a member of the Divorce Committee, much against my wishes, ever since I first came to the Senate. I tried to be excused, but nevertheless I felt it was my duty to attend, and have done so faithfully for over eleven years.

It seems to me that this question of divorce goes back to the time of Confederation, when the constitution gave Parliament authority to deal with it. The people of Quebec—English-speaking as well as French-speaking—did not want to submit their marital problems to divorce courts in Quebec, and in so far as that province is concerned divorce applications have been dealt with in the Senate.

Most of the provinces of Canada now have divorce courts of their own, and the hearing of divorce petitions by the Senate is limited to those from Quebec and Newfoundland. Fortunately, this problem has not affected Newfoundland very much as yet; we receive very few cases from that province, and I believe it does not want a divorce court of its own.

So far as the Committee on Divorce in the Senate is concerned, may I as a humble member of that committee say that I think it does excellent work. There are lawyers on that committee who I believe would grace the bench of any province in Canada. The recommendations of the committee are very seldom interfered with by the other house.

Honourable senators, what seems strange to me is that the people who complain about the work of the Divorce Committee are not those who carry out the work. Usually, the members of the committee do not complain. They work hard and faithfully and carry out their duties well. I think we should be very careful not to disturb the good work now being done by the Committee, until it can be shown that there is a better way to deal with the problem.

The honourable senator from St. John's West (Hon. Mr. Pratt) suggested that a body be set up of qualified persons, other than senators, to hear evidence on divorce, and report to the Senate. I do not think the Senate should be expected to pass on divorce applications without having first heard the evidence.

The honourable senator from Grandville (Hon. Mr. Bouffard) made a suggestion to which I think there are many objections. Not all the people of Quebec are against divorce. May I point out that many persons in that province who come here for a divorce already have a separation from bed and board; and although none of the testimony with regard to the separation comes before us, the fact that a separation has been granted helps the committee to dispose of a petition with a clear conscience.

A great many people say that it is not in keeping with the dignity of the Senate to deal with matters of divorce and that the Senate could be doing better work for the country. Let me remind honourable senators that divorce is a human problem, that the committee deals with serious personal troubles. Doctors, nurses and other professional people also deal with human problems, and there must be a great many tasks they dislike to perform. I think the Senate can handle divorce cases without losing its dignity. The fact that the petitions come only from the province of Quebec is, of course, saddening.

Personally, I am against divorce. I do not believe in it and, if I could do so, I would abolish it in this country; but I realize that we have to be practical, in the light of the demand for it by certain people. I think it speaks well of the work of the Divorce Committee that there are fewer divorces in Quebec than in most other provinces of Canada. My friend from Winnipeg South (Hon. Mr. Thorvaldson) said there are 500 a year in Quebec. I think there are only about 400. I believe the highest number occurred after World War II as a result of marriages hastily contracted during those years. Otherwise the figures are fairly steady. There are more than 2,000 divorces a year in Ontario, and it seems to me that the requirement that petitioners from Quebec must come to the Senate for relief tends to keep down an evil. Looking at it from all aspects, and I have done so for many years, I think the existing set-up is a good one.

At one time I was asked by a former Government authority to make a report on what could be done on the matter of divorce. One suggestion I offered was that the Senate be made a final court without recourse to the other house. If that were agreed upon, of course, it would be said that the Senate in that respect was not the Parliament of Canada, and that before it could become a court of final jurisdiction the other house might want to have something to say about it. My own view now is that under the present arrangement by which the people of Quebec can apply for divorce through this house, with the proceedings being reviewed by the other house, it can truly be said that cases are being dealt with by the regular processes of the Parliament of Canada. There is a lot to be said for that procedure. I was once speaking to an eminent judge of the Supreme Court of Nova Scotia, who said that that province had no particular judge assigned to

the hearing of divorce cases but that the cases were assigned to any of the judges.

Honourable senators, I am against taking divorce out of the Senate. I took that stand earlier, and I think I would do so again, unless someone could show me a better way. I think it is a matter of the spirit. After all, in this country no man should be challenged for the way he wishes to walk humbly before his God. If the people of Quebec do not want a divorce court, we should not force one upon them; but I do think that they should regard what we are doing as a duty, as a service, and should not wash their hands altogether of the work of the Divorce Committee in the Senate. Also, the Divorce Committee should not have to face unfair or erroneous suggestions, perhaps based on lack of information. The committee itself is not complaining; it is getting along splendidly; it is doing a good work and is following a path that has existed for a long time. So I say, unless you can replace it with something that has more merit, that will not disturb the people of this country, and that will not make divorces more numerous, we had better go along as we are.

Hon. Cyrille Vaillancourt: Honourable senators, I have only a few words to say and they will be confined to a question of principle.

We are against divorce in the province of Quebec, not only because we are Catholics but because we want to preserve the family, and we know that the basis of a nation is the family. If we increase the facilities for getting a divorce the family will quickly be destroyed.

Moreover, immediately divorce courts were organized in Ontario and other provinces the number of divorces increased—they doubled, trebled and in some cases, even increased to four and five times what they were before. According to the figures given by the honourable senator who preceded me, (Hon. Mr. Kinley) Quebec divorces, except for the period immediately following the last war, have been decreasing, and this year there has been a definite decrease. There are no more than 303 divorce petitions before us this year, while in previous years there were something of the order of 500. So I am safe in saying that the divorce rate in Quebec is decreasing.

Now, if we were to organize divorce courts in the province of Quebec we would open the door, and I am sure we would find that the number of divorces would be doubled, and might even run to five and ten times the present number.

Honourable senators, let me relate an experience that I had two or three months ago. In a certain locality in the province of Quebec the people asked the Government to license more liquor outlets in the locality in order to throttle the activities of blind pigs. The government did what they asked. As a result of that, now you can get liquor everywhere in this locality, and the people are consuming more liquor.

You know, when we open a door we invite people to enter. If you have only one door in a house everybody is obliged to use that door, but if you have five or six doors in the house many people can come in at the same time and do what they want.

I put that forward as a question of principle and, as I said, it is based on protection of the family. The family is the basis, the foundation, of the nation, and in trying to preserve the spirit of the family we are doing a very splendid work for our country. That is an expression of our principles.

Hon. W. Ross Macdonald: Honourable senators, I do not intend to take much of the time of the house. I will not add to what has been said by honourable members respecting their feelings toward the Chairman of the Divorce Committee and his committee, all of whom are doing excellent work. I have expressed my views in that respect on other occasions. My respect and admiration for them has increased, if that is possible, rather than decreased.

I cannot agree entirely with the Leader of the Government (Hon. Mr. Aseltine) when he suggests that this discussion is a waste of time. I think it has been a very helpful discussion and I am sure some good will come of it. He referred to the fact that when he presented a bill before this house a number of years ago these suggestions were brought forward, but I remind him—and this was mentioned earlier tonight—that at that time a woman in the province of Quebec had a great deal of difficulty in obtaining a separation as to bed and board. It was almost impossible for her to get it. But as we have heard here tonight, the law of Quebec in that respect has been changed.

Hon. Mr. Aseltine: The law had been changed before I brought in my bill dealing with divorce.

Hon. Mr. Bouffard: Not before your bill was brought in.

Hon. Mr. Aseltine: It had been changed before I brought in my bill to amend the Exchequer Court Act. My honourable friend told me so.

Hon. Mr. Bouffard: That is quite right.

Hon. Mr. Macdonald: My recollection is to the contrary.

Many points of view have been brought forward in the discussion tonight. One matter

in which we all seem to agree is that this question will have to be faced sooner or later.

My associate on my left (Hon. Mr. Vaillancourt) referred to the fact that there are fewer divorce petitions from Quebec before Parliament this year than last year.

Hon. Mr. Roebuck: There were two sessions of Parliament last year, and the number of petitions totalled about 500.

Hon. Mr. Macdonald: We have no assurance that next year, with the increase in population in Quebec, the number will not be greater.

One point that troubles me with respect to the suggestion of requiring a decree of separation as to bed and board is that we might discriminate againt residents of the province of Quebec. There is no other province in Canada in which there is such a requirement. The fact is, there is nothing to prevent a resident of, say, the province of Ontario from making an application to Parliament for a bill of divorce. Are we going to require only residents of Quebec to first get a decree as to bed and board before making an application for divorce to Parliament? If that is to be done, it might cut down on the number of petitions from Quebec. My honourable friend to my left thought that this procedure would increase the number of applications from that province. Certainly the expense to petitioners would be greater, and it probably would result in fewer applications.

Hon. Mr. Aseltine: The expense would be double.

Hon. Mr. Macdonald: I think it would be greater, in any event; whether it would be double is another question. Is it suggested that when the decree of the provincial court in Quebec comes to the Senate that the Clerk of the Senate put his official stamp on it?

Hon. Mr. Aseltine: A private bill would be required, just as now.

Hon. Mr. Macdonald: Yes, it would.

Hon. Mr. Aseltine: And the petitioner would still have to pay his filing fee of $210.

Hon. Mr. Macdonald: The amount could of course be changed. It could be increased to $410, or reduced to $10. My point is, what is the Senate going to do with the decree? Are we going to accept it, have the Clerk of the Senate put his stamp on a bill and send it over to the House of Commons? None of us seem to have reached any definite conclusion on these points. I repeat what I said in my opening remarks, that the discussion has been a most useful one.

Hon. Léon Méthot: Honourable senators, I think we are missing the point. We must admit that the granting of a divorce is by act of Parliament. Are we to ask Parliament to pass a bill on the mere finding of fact by a judge of the Superior Court? As the honourable leader opposite has said, a person from any province of Canada can petition Parliament for a divorce. In Quebec there is no court with divorce jurisdiction, and that, I think, is the wish of the majority of the people of that province. They have their remedy and they are using it.

Having listened to the discussion this evening, I do not see that any better procedure has been suggested than the one we now have. I sat on the committee in Quebec which recommended that adultery on the part of a husband should be a peremptory ground on which his wife could be granted separation as to bed and board in that province. But in that report nothing was said about that finding being used as a grounds for divorce.

(*Translation*):

Hon. Mr. Vaillancourt: It is simply a matter of the testimony which would be heard in court and which could be used as evidence here. That is all.

(*Text*):

Hon. Mr. Méthot: Yes, but how can we ask Parliament to accept it as peremptory proof, if it does not choose to accept it?

Hon. Mr. Thorvaldson: The committee would study it.

Hon. Mr. Monette: If I am not out of order I would like to say a few more words. I will be brief. The Senate has already, under the Constitution, the right to hear an application and to grant a divorce, but it is also obliged to hear evidence. If I understand correctly the suggestion of the honourable senator from Grandville (Hon. Mr. Bouffard) it is this: where, according to the jurisdiction of Quebec, there is in that province an application for separation as to bed and board because of adultery, and the Quebec court, acting within its jurisdiction, has found evidence of adultery and granted separation, then the innocent party will have the same right as today—no more and no less—to apply to the Senate for a divorce by reason of adultery: the only difference would be that the evidence which has been given before and under the control of the court in the province of Quebec, in pursuance of the application for separation, would be received here as evidence on the petition for divorce.

Hon. Mr. Macdonald: If the evidence received in Quebec showed that adultery had been committed, would not the application for divorce be granted automatically?

Hon. Mr. Monette: That may be another part of the suggestion. The only point I am making is that it would not be necessary to present evidence here; the testimony already given could be received. As far as I personally am concerned, I am ready to go so far as to say that if the Senate is prepared to accept as proof of adultery the evidence of adultery on which the judgment for separation in Quebec has been founded, that would appear reasonable, and duplication of evidence would be avoided.

Motion agreed to and bills read the second time and passed, on division.

THIRD READINGS

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

Hon. Mr. Roebuck: With the indulgence of Senate, I move the third readings now.

Motion agreed to and bills read third time and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, August 6, 1958

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

Prayers.

CANADIAN FARM LOAN BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-38.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-38) intituled: "An Act to amend the Canadian Farm Loan Act", have in obedience to the order of reference of July 31, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Next sitting.

PRIVATE BILL

MID-CONTINENT PIPELINES LIMITED—
REPORT OF COMMITTEE

Hon. Salter A. Hayden, Acting Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill S-15.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-15) intituled: "An Act respecting Mid-Continent Pipelines Limited", have in obedience to the order of reference of July 29, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Brunt: Honourable senators, with leave of the Senate, I would move third reading now.

Motion agreed to and bill read third time and passed.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 294 to 308.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Roebuck: If there is no objection I move, with leave, that these reports be adopted now.

Motion agreed to.

CANADA CONVERSION LOAN

NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, I give the following notice of inquiry:

(1) What commission has been allowed by the Government of Canada for the sale of Canada Conversion Loan 1958?

(2) Was it uniform?

(3) If not, what was it and why were the commissions granted on a different percentage?

(4) What is the total amount of the commissions granted by the Government for the said loan?

I should like to direct attention to the fact that during the war the commissions granted by the Department of Finance for the sale of Victory Loans were not uniform; and also that a commission of one cent per $100 on the Conversion Loan would represent an amount of $6½ million—which is noteworthy.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-273, for the relief of Jean Mercidus Cecilia Steel MacDonald.

Bill SD-274, for the relief of Arthur Thomas Hazell.

Bill SD-275, for the relief of Joseph Ovila Maurice Valentyne.

Bill SD-276, for the relief of Iris Olive West Dion.

Bill SD-277, for the relief of Margaret Cox Lafortune.

Bill SD-278, for the relief of Gertrude Falkenstein Garfield.

Bill SD-279, for the relief of Gweneth Vera Payne Smith.

Bill SD-280, for the relief of Angela Bertha May Cohen Weinstein.

Bill SD-281, for the relief of Raymond Leslie Larocque.

Bill SD-282, for the relief of Rosanne Dolimont Ruelokke.

Bill SD-283, for the relief of Jeannette Hatsedakis Haeck.

Bill SD-284, for the relief of Natan Grunstein.

Bills read first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Honourable senators, if there is no objection, I will move the second readings now.

Motion agreed to and bills read second time, on division.

THIRD READINGS

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

Hon. Mr. Roebuck: With leave, I move the third readings now.

Motion agreed to and bills read third time and passed, on division.

NEWFOUNDLAND FINANCES

REPORT OF ROYAL COMMISSION

Hon. Calvert C. Pratt rose in accordance with the following notice:

That he will draw the attention of the Senate to the report of the Royal Commission on Newfoundland Finances under the terms of Union of Newfoundland with Canada.

He said: Honourable senators, last week there was tabled in this house a report by the McNair Commission which was set up to gather facts and make recommendations with regard to the terms of Union as between the province of Newfoundland and the Dominion of Canada. The terms agreement was signed on December 11, 1948, by six appointed representatives of Newfoundland, one of whom was our colleague from Bonavista-Twillingate (Hon. Mr. Bradley). There were seven on the committee, but one refused to sign because he judged the terms were inadequate for the needs of Newfoundland. The signatories to the agreement on behalf of Canada were the Right Honourable Louis S. St. Laurent, Prime Minister, and the Honourable Brooke Claxton.

The revision of the financial conditions of the agreement was provided for in clause 29. The implications of that clause are well known to the people of my province. Naturally, they are not so well known here, so I shall now quote the clause:

In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the Government of Canada will appoint a Royal Commission within eight years from the date of Union to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island.

The general purpose was to defer for eight years consideration of a permanent form of federal financial assistance in relation to public services of the new province. Personally, I think the clause was altogether too circumscribed, because it just took for granted that in eight years' time the public services would be a permanent establishment and on a top-level of development. Enough thought, I feel, was not given to the fact that Newfoundland would then have been only eight years in the federal family, whereas most of the other members had lived together for eighty years.

For such a clause as No. 29 to have anything like full and helpful meaning there should have been provision for reviews and adjustments well into the future. Union with Canada has brought many changes. Some of them, of course, have been very beneficial, while others, particularly as affecting some aspects of our foreign trade, have been adverse in relation to our experiences of former years. Under the signed agreement a transitional grant of $6,500,000 per year was made but, after three years, that grant was to be diminished yearly until it completely petered out in twelve years. This limitation, I contend, did not reveal very great understanding and certainly not generosity nor, indeed, liberality. I won't say any more about that, but we can each think up what opposite words we like and apply them to that remark.

I shall deal later, if I may, with some of the implications of clause 29 and the commission's report itself.

At this point it might be useful for me to review some of the circumstances applicable to the promotion of the movement for the entry of Newfoundland into Canada. General background of knowledge as well as awareness of the circumstances currently prevailing at that time are essential to a proper evaluation of the case under consideration.

Newfoundland had gone through almost a century of responsible government, with the exception of a period of fifteen years during which it had voluntarily surrendered elected government for a government by commission. That situation arose out of the financial

difficulties of Newfoundland in the depression following the First World War and became particularly acute by reason of world-wide depression in the early thirties.

That depressed condition, as we all know, was universal, hitting some parts of Canada just as hard as it did Newfoundland. The wide expanse and diversification of its economy gave to Canada the advantage of an averaging out and levelling off of the terrible difficulties of that time. Newfoundland, as a small, separate entity had no such advantage.

In 1931 the Newfoundland Government found it difficult to pay the normal expenses of administration, as well as to pay the interest on its bonded indebtedness. The British Government was asked to appoint a commission to survey Newfoundland's affairs and to make recommendation for future policy. Resulting from that, a commission of Government came into being in 1934 and the operation of responsible Government was suspended from that time until the Union with Canada in 1949.

I might say that the major issue at the time of the inauguration of commission of Government was the inability of Newfoundland to raise funds to pay the interest and amortization of its national indebtedness. Had Newfoundland decided simply to default, the Government might possibly have been able to raise enough revenue to carry on its meagre services, but there was almost unanimous approval of a policy to suspend responsible government. It was provided that Great Britain would guarantee the public debt, most of which was converted to sterling.

It is, I think, without precedent for a Government to vote itself out of existencee to preserve national solvency, but, while the complete loss of democratic government was regrettable, the procedure, nevertheless, reflected a widespread desire to honour obligations.

During the Second World War and immediately afterward, many factors came in to improve Newfoundland's economic position. Industry, generally, had received a great impetus and, in fact, three years after the end of the war Newfoundland's import and export trade totalled $147 million, compared with a total of $56 million just prior to the war. During that period there was a very substantial reduction in the public indebtedness.

To sum up this short review of the finances of Newfoundland at that time, I might say that immediately prior to Union there was a net public debt in sterling of about £15¼ million, which, calculated at the rate of exchange to come into effect shortly after, totalled about $45 million. This under the terms of Union was accepted as a liability by the dominion Government. A portion of the public debt of about $10 million remained a provincial liability. There was a cash reserve accumulated during commission of Government years to the amount of $40 million. This was retained by the province.

By the acquisition of the major part of the public debt of Newfoundland, Canada increased its national debt by a relatively insignificant amount. It is not unreasonable to point out that when Newfoundland became a province it, naturally, assumed its share of responsibility for the Canadian national debt which has its reflection in various forms of current taxation. Not one dollar of that debt, however, had, prior to Union, been spent in the development of the public services of Newfoundland. As some considerable portion of the Canadian national debt over the years resulted from the establishment of public services in other areas of Canada, this naturally set up a deferred liability to Newfoundland for the same purpose.

Hon. Mr. Euler: May I ask my honourable friend a question? By how much, in terms of dollars, was the national debt of Canada increased by adding to it the public debt of Newfoundland when it was taken over?

Hon. Mr. Pratt: $45 million.

Hon. Mr. Euler: My friend said an insignificant sum.

Hon. Mr. Pratt: I say it is insignificant in relation to the total national debt. Don't misunderstand me; $45 million is not an insignificant sum, but in relation to the total public debt of Canada at that time I say it might be regarded as insignificant.

I would like to bring out clearly the fact that Canada did not take over a debt-ridden province. From some of the newspaper writings of that period, and since, it certainly appears that that fact had not sunk into Canadian minds generally. While the living standards and the public services within Newfoundland were at a relatively low level at the time of Union and the responsibility was certainly in the offing for the federal Government to bring about some uniformity of citizenship status, there was no great assumption of public debt by the federal Government.

As I have said, this assumption of public debt was not great in relation to the sum total of the public debt of Canada, or in relation to, as I shall point out in a moment, the assets that Canada acquired which, had Newfoundland been a province, would over the years have cost many times the amount of the debt assumed.

Continuing with some background information on the movement for Union with Canada,

I might point out that with the improvement in Newfoundland's economy and financial position in the later years of the 1940's the United Kingdom was actually under obligation to bring about a restoration of responsible government. Instead of doing that directly it had decided that a National Convention would be set up to examine into the possible forms of government for Newfoundland, and three were brought forward for consideration. That convention consisted of 45 elected members, each a resident of the constituency which elected him. In the early days of the convention a resolution was passed to send a delegation to Ottawa for the purpose of ascertaining "if a fair and equitable basis" existed for Union with Canada. The delegation was instructed to explore and not to negotiate, and in fact nothing had been done about preparing a case in that connection.

As a result of that visit, terms were presented by the Right Honourable Mr. Mackenzie King, then Prime Minister, and were a major consideration in a referendum by which people were to choose between restoration of responsible government for Newfoundland of itself and Union with Canada. The vote recorded a majority of 52.3 per cent in favour of Union with Canada. It is a matter of recorded fact that the outstanding cause of opposition to Union at that time was that the people were called upon to vote on unnegotiated terms. Actually, it was found that the terms which had been constructed unilaterally were so ill-considered and deficient that if they had not been amended after the vote and before Union came into being, Newfoundland's public finances would have shown a frightful deficit in the first year, although for some time previously they had been running with a substantial surplus.

The first presentation of terms was lacking in understanding, not only of Newfoundland's needs but of its actual position at the time. The official statement of prospective revenue and expenditure as between the federal and provincial Governments anticipated a deficit to the Government of Canada of $6½ million. This was stated as being apart from debt servicing and anticipated railroad deficit. The important thing here is that it was formally stipulated that while the general conditions could be subject to further consideration, the financial provisions took care of as large a deficit as the federal Government could consider.

Just by way of illustration of the confusing implications of that statement, I might point out that in the summing up of the anticipated federal revenue from Newfoundland, as a new province, consideration was given only to what would be recorded as direct contribution to the revenue and nothing whatever to what might flow indirectly to the federal Government through Newfoundland's relationship with the other provinces. It was anticipated and provided for in the official calculations that the swing of trade would be away from local manufacture and foreign importations to sales by the other provinces to Newfoundland.

The application in the submitted terms of that correctly anticipated situation was simply incredible. As an example—and I cite this simply as an example—Newfoundland was given credit in the listing of the revenue for $400,000 federal revenue from liquor taxes and $500,000 federal revenue from tobacco taxes. Based on the consumption of both liquor and tobacco at that time in Newfoundland and calculated on the federal rate of taxes then prevailing, the total contribution just from that source would be $6¼ million instead of $900,000. That difference alone was almost enough to wipe out the entire anticipated deficit set out in the statement that was presented. When officials were questioned some time later as to the origin of the $400,000 and $500,000 revenue estimates, the answer was simply that it was anticipated that Newfoundland would be turning its trade for those products to the other provinces from which excise and other duties would be paid, so that Newfoundland should not get credit for those returns. There was no note of explanation whatever in the document. I could go on and explain other misleading discrepancies within that formal presentation which would illustrate more than anything else the opposition of that time to the approach—and I say "approach"—to the Confederation movement.

I say again that, had the Newfoundland position been adequately surveyed and the terms properly negotiated at the start, we would probably have had a very heavy majority for Confederation instead of a favourable vote of just 52.3 per cent. My guess is that there would have been a favourable vote of at least 80 per cent. But who knows?

I might mention here that the movement was a game of chance as far as the working out of suitable terms was concerned. The leading advocates thought the chance was worth taking—and at this stage, who disputes it?—because two previous approaches to Union had broken down in 1867 and 1894 for the reason that terms adequate to Newfoundland's special needs and conditions could not be agreed upon.

All this has a bearing on the reason for revision of the terms. It is true that after Newfoundland voted itself into Union a delegation of seven highly-respected citizens did carry on a negotiation of terms at Ottawa

before the final consummation of Union. The adjustment was substantial.

The negotiations were carried on, however, with Union as an accomplished fact. Personally, I always considered that this was a most unreasonable circumstance. I had an opportunity of reading the typewritten reviews of the week-by-week discussions and it was evident to me that there was a hold-back attitude by reason of the fact that, for all intents and purposes, Newfoundland was definitely a province.

During the first year of Union I was in Ottawa six times with trade and provincial delegations trying to get action on exchange and other difficulties in connection with our foreign trade. The most frustrating feature of all, I found, in official circles was a lack of recognition that many of Newfoundland's problems were unique or were not common to other parts of Canada—at least not in the same degree of importance. There was always a prevailing fear of establishing a precedent which might have to be carried into other provinces. The special circumstances of Newfoundland, living apart from the other areas of Canada through the centuries, with living conditions and standards entirely different, with public services and everything one can think of on a different plane, should have caused a far broader outlook than was in evidence. What was intended to be the saving factor in the establishment of our relationship under Union was the insertion in the terms of clause 29, which I have quoted.

What I have said so far has been largely historical background—some very recent history, it is true—but such a subject as this, I feel, requires to be dealt with in the light not only of the present but of the past and the future.

I shall now bring to your attention more of the present-day facts bearing on this issue. I won't burden you with reading again clause 29, but I would repeat that the purpose of the Royal Commission, expressed briefly, was to recommend financial assistance to the province, so that it could continue public services without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the Maritime provinces. This causes us now to take a look at some of the factors immediately involved.

The matter of the continuation of public services, as well as present-day standards, is the outstanding issue. I can only at this time give you a few scattered facts.

Let us consider roads for a moment, which are a first essential to progress everywhere. It is a recognized fact that the standard of Newfoundland's roads generally is much below that of the other provinces. In Newfoundland there are 16.7 miles for each 1,000 of population, compared with 24.7 miles in the three Maritime provinces. From 1950 to 1954 the registration of motor vehicles went from about 16,000 to about 40,000. If the Maritime standard of the number of vehicles for each mile of road applied to Newfoundland, the province would have 5,000 more miles of roads, or about double what it has now. The application of the Trans-Canada Highway policy, whereby the cost in the main is shared fifty-fifty between the federal and provincial Governments, is not practical in the present condition of the economy of our province. In view of the lack of road facilities and the impossibility of adapting some existing roads to the Trans-Canada system, there should very definitely have been special provision for our province rather than the all-round fifty-fifty application.

I would now mention education. School accommodation is lamentably lacking. Enrolment per classroom is the highest in Canada, and in 1955 the schools had an average of 4.6 more students per classroom than the schools throughout the Maritime provinces had. A vigorous effort has been made by the Government with, I might say, marvellous public co-operation, to correct this position, but all one sees is a constant wrestling with increasing difficulties.

In the matter of public health, while the hospital facilities in St. John's and the larger communities have increased substantially and cottage hospitals have been spread around many of the outlying areas, there is still a great deficiency, compared with other parts of Canada. Newfoundland has 28 per cent less hospital capacity on a population basis than have the Maritime provinces. Infant mortality is considerably higher than the average for the other provinces, and the incidence of tuberculosis is more than twice as high as in the three Maritime provinces. The disease used to be Newfoundland's worst plague, and notwithstanding the great progress that has been made in combating it, there is still need for greater effort.

At this point, when bringing to your attention matters of education and public health particularly, I might say that the report of the commission seems to me to be far too much a battle of statistics. I have reviewed the case presented on behalf of the Government of Newfoundland to the commission. It does appear that in the very strict adherence to the precise terms of reference, matters of great human concern have not been adequately provided for in the official report. As an instance of this, no apparent consideration has been given to the fact that 41 per cent of the population in 1956 was under 15 years of age, compared with 32 per cent for the

whole of Canada. The average number of persons in a Newfoundland family is 4.6, compared with 3.8 throughout Canada. As just one of the many economic implications of this problem I might mention that the larger number of children per family places in a different perspective the application of the *per capita* wage earnings. It also has a pronounced effect on the relative proportion of income which can be applied to the cost of education and social services and it affects the taxable capacity of the population.

The development and maintenance of strictly provincial services in Newfoundland is particularly difficult because of the province's somewhat fluctuating economy. One of the measures to meet the difficulty was the imposition of a sales tax of 3 per cent on all retail sales throughout the province, applying to food and all other commodities. When we consider higher costs of goods by reason of freight from the other provinces and distributing charges, the application bears very heavily on the average wage earner.

Union of Newfoundland with Canada was not a one-sided deal by any means; it brought advantages both ways. To the Newfoundland people it brought the hopes of extension of public and welfare services, which Newfoundland as a separate entity could not possibly undertake with any assurance of continued maintenance. Some of these hopes are unquestionably in the course of being realized now.

The union brought to Canada the realization of its national hopes in the extension of its geographical boundary, as well as distinct material advantages. The established defence relationship with the United States in Newfoundland ran into hundreds of millions of dollars of capital expenditure and tens of millions of yearly expense, some part of which Canada would otherwise have had to meet. Then there is Gander airport, which at the time of Union was—as it still is—one of the greatest in the world. It was acquired by Canada without any payment to Newfoundland. The railway of over 600 miles—of narrow gauge, it is true, and a most inadequate public service—was transferred without compensation. Its revenue is less than current expenditure, but that is true of many federal public services. The great area of Labrador, consisting of 112,000 square miles, will undoubtedly bring tremendous wealth to Canada as a whole as the years roll on and as the resources of that territory with those of the island of Newfoundland, are developed. The almost complete switch of purchasing of manufactured goods from other parts of the world to the Canadian provinces is a matter of great importance to Canada. Only one-tenth of the agricultural requirements are produced locally and the secondary manufacturing industries provide jobs for no more than 3 per cent to 4 per cent of those gainfully employed.

The report of the Royal Commission has recommended that the federal Government pay the province of Newfoundland $8 million per year as from April 1957, less the transitional grants for which Canada was obligated under the terms of 1948. In other words, the amounts over the present payments which will be due if these recommendations are accepted will be $6,600,000 for 1957 and running up to $8 million in 1961 and thereafter. The Newfoundland Government had set up an investigating body for the purpose of studying the case of the province in this connection, and the recommendations were for $15 million annually.

I am not sure that I can question the recommendations of the Royal Commission, though I think that they are somewhat lacking with regard to the amounts required. I certainly could not question their recommendations from the standpoint of correct arithmetic and the dictionary interpretation of each word of the terms of reference. What I do question is the complete inadequacy of the whole approach, which it is true was beyond the responsibility of the commission, but in fairness to the whole issue I think emphasis in the report should have been placed on matters of broader significance, even though for the present the monetary recommendations might have been the same.

To focus one's mind entirely on the present in planning for the future just invites failure. In that respect the conditions of clause 29 are obviously lacking. What has to be thought into that clause, even though it could not be written into it in 1949, is provision for the public services of 1957 which in 1949 were even unplanned. Then again if the province was behind in development of those essential public services in recent years, as is the case, why should not the measure of financial assistance be extended to continuing expansion instead of ending with the established services of 1957? I know that no commission can take care of everything for the future, but here is a case where the province of Newfoundland entered into a new economic world, so to speak.

There undoubtedly should have been recommendations for future adjustments in the financial relationships, bearing in mind the varying nature of the economy of the province and the population changes.

When this report has been considered by the Government of Canada, I hope that a

broader policy, both for the present and for the future, will be announced than is envisaged in this document.

If Union with Canada is to be the success for Newfoundland that it should be and can be, there has to be a constant recognition of the many problems that are not common to the other provinces. Newfoundland needs close understanding in these days of transition and that need will continue into the future. That understanding is particularly necessary in departmental administration of the federal Government.

As I have said before, Newfoundland entered into Union with Canada trusting that it would receive fair treatment, and not as a result of hard preliminary bargaining. Personally, I believe, and I am sure the Newfoundland people generally believe, that the will for fair treatment exists on both sides, but to implement that will there must be provision for close and constant understanding of the vast difference between the circumstances of Newfoundland and those of the other provinces.

I think it would be applicable in the circumstances for me to end this talk by quoting the Rowell-Sirois Commission report of 1940, which recommended grants to provinces designed "to make it possible for every province to provide for its people services of average Canadian standards and they will thus alleviate distress and shameful conditions which now weaken national unity and handicap many Canadians. They are the concrete expression of the commission's conception of a federal system which will both preserve a healthy local autonomy and build a stronger and more united nation."

LAND USE

REPORT REFERRED BACK TO COMMITTEE

The Senate proceeded to consideration of the second report of the Special Committee on Land Use in Canada.

Hon. Arthur M. Pearson, Chairman of the committee, moved, with leave:

That the report be not now taken into consideration, but that it be referred back to the Special Committee of the Senate on Land Use in Canada.

Hon. Mr. Roebuck: May we have an explanation?

Hon. Mr. Pearson: The explanation, honourable senators, is that at the time this motion was brought in the committee felt that it should accept an invitation from a private company to view research work being carried out in forestry at a place outside the city of Ottawa. However, the committee now feels that it does not need to visit places other than Ottawa, and at present it is endeavouring to bring in an interim report. No further meetings will be held this session.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Roebuck: I do not understand it yet.

Hon. Mr. Hugessen: I gather that what the honourable senator means is that the committee now desires to withdraw the report before the house, inasmuch as it does not wish to proceed with the recommendation which the report makes. Is that it?

Hon. Mr. Pearson: Yes.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, August 7, 1958

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

Prayers.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—MESSAGE OF THANKS FROM GOVERNOR GENERAL

The Hon. the Speaker informed the Senate that he had received a message from His Excellency the Governor General, reading as follows:

The Honourable the Members of the Senate:

I have received with great pleasure the Address that you have voted in reply to my speech at the opening of Parliament. I thank you sincerely for this Address.

Vincent Massey

APPROPRIATION BILL No. 4, 1958

FIRST READING

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons with Bill C-46, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1959, to which they desire the concurrence of the Senate.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: Honourable senators, I move that the bill be read the second time now.

Honourable senators, this is another interim supply bill. It is intituled "An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959".

Some weeks ago, by Appropriation Bill No. 2, we voted $626,292,380.09 for the months of April and May, which was one-sixth of the main estimates, plus additional proportions of some 42 items. Later, by Appropriation Bill No. 3, we voted $624,592,837.43 for the months of June and July, which was one-sixth of the main estimates, plus some additional 20 items, plus five items in the supplementary estimates. By this bill, which if passed, will be known as Appropriation Act No. 4, we are being asked to vote $615,999,671.59 for the months of August and September, being the aggregate of (a) one-sixth of the total of the amounts of the items set forth in the main estimates, plus one-twelfth of four items only, except six items, of which eleven-twelfths have already been voted; (b) an additional five-twelfths of three items; (c) an additional one-quarter of four items; (d) an additional one-twelfth of fifteen items; (e) an additional one-sixth of the supplementary estimates, except four items, of which eleven-twelfths have already been voted; and (f) an additional one-sixth of two supplementary items. Generally speaking, the additional appropriations are required now because of the bulk of the work having had to be done during the summer months.

I also want to make a reference to the form of the bill. It will be remembered that the honourable Leader of the Opposition (Hon. Mr. Macdonald) was very pleased with the form of Appropriation Bill No. 2. When we received Appropriation Bill No. 3 it was not in the same form as Appropriation Bill No. 2, and he made certain objections, which I conveyed to the proper officials of the Government. I am pleased to advise honourable senators that we now have a bill in the form of Appropriation Bill No. 2, which I believe was considered by honourable members of the Senate to set out the different items in a way that was an improvement on the form of previous supply bills.

The proportions requested in this bill are intended to provide all the necessary requirements of the public service up until September 30, 1958. In no instance is the total amount of any item, in either the main estimates or the supplementary estimates, released by this bill.

The passing of this bill will not prejudice the rights or privileges of honourable senators to criticize any item when it comes up for consideration, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Honourable senators, this is a brief explanation of the bill and I have nothing further to say with respect to the same unless certain questions are asked.

Hon. A. K. Hugessen: Honourable senators, in the absence of the Leader of the Opposition (Hon. Mr. Macdonald) my first task, and it is a very pleasant one, is to thank the Leader of the Government (Hon. Mr. Aseltine) for having taken notice of the observations my leader made on the occasion of the previous supply bill and having this bill introduced in a more acceptable form.

I do not think any of us on this side of the house have any criticism of the form of this bill, though of course we do carry in our minds the general thought that it is a

bill to provide a part of the financial requirements of the country in a year in which the estimated deficit of expenditures over income is a record in the history of this dominion, having been calculated by the Minister of Finance himself at something of the order of $650 million.

That causes some of us, particularly on this side of the house, some rather painful reflections when we compare the financial position of the country today with its financial position less than two years ago. Two years ago, honourable senators, this country was paying its way. We were collecting in taxes not only sufficient to pay out all the annual obligations of the public service but in addition to that the country was making substantial repayments on the national debt. Moreover, with all that, we were slowly increasing the legislative provisions of a social character for the benefit of the people of this country to the extent that the then Government thought it was possible to do so.

Compare that position of less than two years ago with the position in which we find ourselves today when we are faced, as I say, with a deficit in the current year of $650 million. This estimate, as I have remarked, was made by the Minister of Finance, but a number of reliable authorities seem to consider it to be very much on the low side. I have heard esimates to the effect that the real deficit for the current year will be of the order of $1,000 million. That of course will involve an increase in the national debt; it will also involve the danger of inflation. I do not need to remind honourable members of this house of the sort of thing which inflation will bring about, if it is not checked.

But, honourable senators, this is not the end of the story. We are faced apparently with more capital expenditures which do not appear in these estimates and which, I must say, I think are to some extent at least very questionable.

We are expected to find I don't know how many millions for the South Saskatchewan River dam. No one has yet succeeded in convincing me that that is an economic proposition. But quite apart from that, we are faced with another substantial increase in the annual expenditures of this country resulting from the announcement made recently by the Minister of Finance with respect to the conversion of outstanding Victory bonds. He proposes to convert approximately $6½ billion of Victory bonds maturing within the next few years. It is true that he was faced with the necessity of paying off Victory bonds to an amount which, added to the further amounts that he has to raise this year, brought up the total of capital financing to something over $3 billion. But he has elected to adopt a scheme under which the Victory bonds which do not mature for several years to come are now to be redeemed. And under what conditions? He is offering the holders of the present series of Victory bonds maturing over the next few years and at present bearing an interest rate of 3 per cent the right to convert into a series of bonds of different maturity dates, of which the latest is 25 years and which bear interest at the rate of 4½ per cent per annum. That means that the present holders of Victory bonds bearing interest at 3 per cent per annum, who elect to convert them into the new long-term bonds, will have their income from that source increased by 50 per cent without a stroke of the pen on their part.

Looking at it from the point of view of the budget, it is of course difficult to say just what effect that will have upon the balance of ways and means, but I think we can make some calculations. This offer has been made to the holders of $6½ billion worth of Victory bonds. I should think that the great majority of them will take advantage of conversion into new long-term 4½ per cent bonds. Let us say that the holders of $4 billion worth of the present Victory bonds elect so to convert into long-term bonds. That means that from now on this country will have to pay an extra 1½ per cent on $4 billion, or an additional annual interest charge to the Treasury of $60 million. Who benefits by this conversion? Of course there is a large number of individual holders of the present Victory bonds; but I venture to suggest that the larger part of the bonds is held by banks, trust companies, insurance companies and investment companies, and I see no reason why they should receive this completely unexpected benefit at the hands of the Dominion of Canada.

More than that: not only is this 4½ per cent, in my opinion, too high a rate for the Dominion of Canada to pay on its own bonds, but to my mind the most deplorable feature of this offer is that these new bonds are by their terms non-callable. That means that the Government will not be able to redeem them during the whole period for which they are to be issued, so that for 25 years the dominion Government will be forced to pay 4½ per cent on whatever enormous amount of these bonds is issued in place of the Victory bonds from which they are converted.

I have had some small experience—as I am sure other honourable senators have—of corporate finance, and my opinion is that it is an extremely dangerous thing for any corporation to issue long-term securities which it cannot redeem, because that means that for the whole period until the bonds mature it is "stuck" with the interest it has undertaken to pay. That precisely is what the Minister of

Finance has done in connection with this new offer: he has made these 4½ Dominion of Canada bonds unredeemable until the expiry of 25 years; and in doing that, I submit, he has done a most inadvisable thing.

These are a few of the considerations which come to the minds of some of us when we think on the financial implications of the sort of thing that is going on today. I must confess, honourable senators, that I am disturbed at the financial condition into which this country is drifting and has been drifting during the past few months. During the last election campaign we heard a good deal about the "new vision". I only hope that the new vision will not turn out in the end to be a nightmare which will leave in the mouths of the Canadian people, when they wake up from that nightmare, the bitter taste of inflation.

Hon. W. D. Euler: Honourable senators, I had no intention of debating this matter at all. I quite agree with what has been said by the senator from Inkerman (Hon. Mr. Hugessen), but I would like to point out something that has been in my mind for many days. The chief cause of our heavy expenditures is, after all, what we call defence. I believe that the intended expenditures for defence purposes this year amount to something like $1,700,000,000. I may be wrong, but a few hundred millions don't seem to mean anything nowadays. I criticize this expenditure for the reason that it does not accomplish the purpose for which we vote the money. No one objects to expenditures for the effective defence of Canada, but my contention is that we can spend two or three billion dollars a year for so-called defence and still have no defence against one possible form of attack. Our so-called enemies—and I can name them definitely, the Russians—claim they have an intercontinental missile which can destroy everything and that there is no defence against it.

I would like to make an observation about a matter which is now being discussed and upon which some action is expected to be taken. I maintain there is every reason in the world why both sides should get together and decide to be at peace, instead of continuing to expend billions of dollars for defence against something against which there is no defence, the intercontinental missile. Let us stop this tremendous, ruinous, suicidal expenditure that we make every year.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Aseltine: I move the third reading now.

Hon. C. G. Power: May I ask a question arising out of the observations made by the honourable gentleman from Inkerman (Hon. Mr. Hugessen)? Am I to understand that the additional cost in the way of interest arising out of this conversion is to be $60 million per year, which would amount to $1½ billion at the end of the 25-year term? In other words, will it cost us $1½ billion to convert $6½ billion of bonds?

Hon. Mr. Hugessen: If I may answer my honourable friend, nobody can tell that until it is known how many Victory bonds are converted into new bonds of each of the maturities, with their different interest rates. I thought I made it quite plain that I believe the great majority of the holders of the $6½ billion will convert into the long-term 25-year bonds bearing interest at 4½ per cent. On that basis it is a very simple calculation to determine 1½ per cent on $4 billion. It is $60 million. Nobody can tell whether it will be more or less.

Hon. Mr. Power: But on the assumption that $4 billion will be converted, am I right in my calculation that at the end of 25 years the country, in order to bring about this conversion of $6 billion, will have paid $1½ billion?

Hon. Mr. Brunt: No, you are not. I shall show the honourable senator a table after we have adjourned.

Hon. Mr. Power: I do not want a table later on; I would like an answer now.

Hon. Mr. Brunt: I know your figure is not correct. I can show you a table stating what the figure would be if all the bonds were converted into the long-term maturity and also if a proportion went into each of the other maturities. It is nothing like that figure.

Hon. Mr. Power: Is there anything wrong in the assumption by the honourable senator from Inkerman (Hon. Mr. Hugessen) that probably about $4 billion will be converted into long-term bonds?

Hon. Mr. Brunt: I have no idea where he got that figure. No one can tell at the present time.

Hon. Mr. Power: Assuming that his guess is right, would it then be correct to say that it will cost $1½ billion to convert $6 billion? Are my mathematics wrong?

Hon. Mr. Brunt: I am afraid so.

Hon. Mr. Thorvaldson: I suggest that the honourable senator do his own arithmetic.

Hon. Mr. Power: I will do my own arithmetic, but there is something that seems to be very extraordinary. All the members on this side of the house must have the same lack of education as I have, because they all seem to agree with my figures here.

Hon. Calvert C. Pratt: I think there is a lot of value in the point brought out by the honourable senator from Inkerman (Hon. Mr. Hugessen), and perhaps indeed the Government is going too far into the future with the higher rates. It must not be forgotten that these new issues are to take the place now of 3 per cent bonds which will be maturing in period after period, the first one coming very soon.

When will the dominion Government be able to go into the market and borrow at the old rates? Perhaps not again, but no one can tell at this time. First of all, it has to redeem the bonds as they mature. At what rate it will be able to borrow in five, ten or fifteen years' time, no one can say now. It is purely a matter of judgment. We do know the public would not be satisfied to invest in 3 per cent securities at this time. There is no doubt about that. So the case is not as simple as it looks when we say that the present policy is going to cost so much a year extra for all those years. As the outstanding loans mature, undoubtedly there will be some great variation in the rates of interest beyond the 3 per cent, which is the rate of the present maturities.

Hon. John T. Haig: I think that my honourable friend from Gulf (Hon. Mr. Power) has missed one point. We are not able to sell bonds at 3 per cent now at all. The late Government was selling dominion bonds at more than 3 per cent. It was selling them at 3¾ per cent, and it guaranteed payment at face value on presentation.

Hon. Mr. Euler: Those were Canada Savings bonds.

Hon. Mr. Haig: They are similar to Victory bonds and are exactly the same kind of security. The only difference is that you can take a Canada Savings bond into the bank at any time and get your money.

The honourable senator from St. John's West (Hon. Mr. Pratt) spoke of the interest rate on Government bonds. That is the crux of the argument. The Victory bonds will mature in 1959, 1962, 1964 and 1966—a great many of them in 1966. What rate of interest will the Government have to pay then? We shall have to face a market that has always been difficult. The United States will be borrowing money like everything. At present Canada is borrowing money freely because we have become accustomed to extravagant ways of living. The Government is spending extravagantly; and of course the previous Government was doing the same thing. The cost of living index has gone up from 100 to 186 since I came to this house, and it has jumped up more than 100 per cent since many senators first came here. I am persuaded that time will show the conversion deal was a good one from the standpoint of the Government, because in order to carry on its undertakings this country must do its financing in the same way as the other countries of the world are doing.

In the past we have bought far too much from and sold too little to the United States. That picture has changed some in the past six months. I recall the senior senator from Ottawa (Hon. Mr. Lambert) saying to me in this house, "Well, it shows that the Government is doing fine—we can buy more from the United States than we have to sell to them". But the debt was climbing all the time. As to the present Government, some people are judging it before it is half-way through the course. Let us finish the course. There is lots of time. There will not be an election for four years, and in the meantime the members of the Opposition will have lots of time to criticize the Government. Honourable gentlemen opposite forget that there was an election in June 1957. When Parliament assembled last fall it was said that the election result was just a spasmodic action by the people and it would not happen again, that when the people woke up and came to their senses those "Conservative rascals" would be kicked out. But in this spring's election those "Conservative rascals" came back with the largest majority that Canada has ever known.

Hon. Mr. Euler: You are not in a campaign right now, are you?

Hon. Mr. Haig: They did it in Ontario, Quebec, and the Maritime provinces. We haven't any Liberals at all in Manitoba; they have all moved out and we are all Conservatives there. The same is true in Saskatchewan, except that there they had a C.C.F. member who "got away with murder".

Hon. Mr. Euler: Honourable senators, I rise on a point of order. The honourable gentleman is not addressing himself to the subject at all.

Hon. Mr. Haig: It is a budget debate.

Hon. Mr. Euler: Oh, no.

Hon. Mr. Haig: Yes, it is; we are talking on the budget.

The Hon. the Speaker: Will the honourable gentleman kindly confine his remarks to the subject under discussion?

Hon. Mr. Haig: I am glad somebody stopped me, because I was just coming to the Maritime provinces.

Honourable senators, during the 22 years that our party sat in opposition it always amused me that the party in power at that time looked upon the honourable senator form Rosetown (Hon. Mr. Aseltine) the honourable senator from Blaine Lake (Hon. Mr. Horner) and myself the senator from Winnipeg, as the last of the Mohicans. Now, after that long period in opposition we are on the Government side, and I would like to say to the member from Inkerman (Hon. Mr. Hugessen) that he is making the same mistake that others are making in judging what the Government has done before it is half way along the road. Let us study the situation: he has at least four long years ahead of him in which to do that. I do not know how long the term will be, but I do know that the 22 years was a long, long time.

I agree with the honourable senator from St. John's West that this bond conversion is a question of financial arrangement. Can anyone tell us why the stock market is so high just now and yet corporate earnings are lower? Nobody can answer that question. I know that I cannot answer it. The bond market also has made a recovery and 3 per cent bonds are now selling at par. Those are the things that we face. After my honourable friends opposite have been in opposition for 22 years perhaps they will not be so sure that their prophecies were correct. They think they will be back in power after four years. Well, we thought that we might have got back into power after maybe 10 years but we did not.

The bond conversion will be all fixed up and settled this fall. At that time we shall know what it is costing, and next winter we shall be able to discuss the cost and everything else that needs to be discussed concerning the matter. Then we shall have the actual figures and know exactly how many of the 25-year bonds were sold and how many of the 14-year bonds.

I think the honourable senator from Inkerman is wrong in his estimate of sales of the 25-year bonds. Personally, I think he has overestimated the proportion of long-term bonds that will be taken up. Financial men to whom I have spoken seem to think that more 14-year bonds will be sold than any others.

My honourable friend from Waterloo (Hon. Mr. Euler) brought up the question of the armed forces. Well, I will not discuss that with anybody. I admit I am not qualified to do so. I know that we have been spending on defence billions of dollars every year, and a lot of the money has been wasted because new inventions put existing tools and equipment out of date very quickly. But what has happened in the past may happen again. In the last war a certain young man used to take over the wheel of a big flying machine and pull down a lighted runway at 11 o'clock at night, with his target in enemy territory. When asked by his dad, "What did you think about, son, while you were up there?", he said,"Well, I knew that you and mother were safe." His father asked him, "Why do you say that?" He replied, "Well, I knew that I would probably kill 10 or 12 dads and mothers before I got back that night and it made me think." It may happen again that young men will have similar duties to perform. If it does we will be ready. We will not permit a challenge of any kind to prevent us from being prepared for war, if it comes to that. That is the way I feel about it. I know that we are not qualified to judge on these defence matters. Our military men are as loyal as we are and they will see to it that our forces are provided with the best possible instruments. Surely the United States, Great Britain, France and our other national allies are as anxious as we are to be qualified to do the best that can be done. We want to hold up our end. Europe, of course, must depend on Great Britain and France and the United States to carry it through, but we can do a little, and what we are doing at the present time is an encouragement to other nations to do likewise.

Hon. Cyrille Vaillancourt: Honourable senators, I have a few remarks to make in connection with this $6½ billion Victory bond conversion program. A person holding any of the various issues of Canada Savings bonds may at any time turn them in for their full face value. However, no individual may hold these bonds in an amount exceeding $10,000. Formerly the limit was $5,000. The savings bonds are sold only to individuals, no bank or trust company can buy them. This new conversion of $6½ billion worth of bonds is being specially manipulated by the big organizations, and our organization is in that field.

Hon. Mr. Aseltine: How do you know that? Who told you?

Hon. Mr. Vaillancourt: Well, I am the manager of a federation of *caisse populaires.*

Hon. Mr. Aseltine: That statement is a guess on your part.

Hon. Mr. Vaillancourt: In my organization we help our Government in that regard because this has to do with the financing of the country.

Hon. Mr. Aseltine: Are you speaking of your own company?

Hon. Mr. Vaillancourt: It is not a company; it is a co-operative.

It has been mentioned that the interest rate has been increased from 3 to 4½ per cent. Furthermore, the Government is paying a bonus on every bond exchanged; that bonus, in some cases, amounts to $15 or $17 per thousand dollars. The amount of the bonus, plus the increased interest rate, will raise the figure mentioned by my honourable friend from Gulf (Hon. Mr. Power).

Hon. Arthur W. Roebuck: Honourable senators, I think something should be said in defence of our colleague from Waterloo (Hon. Mr. Euler). He was not talking so much about the extravagance of our defence as he was advocating that we take the proper steps toward making that expenditure unnecessary, both on the part of ourselves and our assumed enemies. I see no reason why he should be criticized for that. Of all things in the world, a quarrel is the sort of thing that should be stopped as soon as possible. I have never thought it proper to vote against military estimates, but at the same time I do hope the time will come, and that in the not too distant future, when military expenditures will no longer be necessary.

Hon. Mr. Brunt: We all hope that.

Hon. Mr. Aseltine: Agreed.

Hon. Mr. Roebuck: Everybody agrees with me on that, so why criticize the senator from Waterloo?

I rose not so much to take part in the debate as to ask a question. I would like to know from the honourable sponsor of this bill how much we are paying to the brokers for the job of increasing the interest rate from 3 to 4½ per cent. That is information which my honourable friends across the aisle will have at their fingers' end. I read in a newspaper—I don't know if there is any truth in it—that a convention of considerable magnitude was held with these financial men prior to the issue of the new bonds and that some deal was made with the Department of Finance with regard to the payment which they would receive for their services. An item appeared in the press—whether it was informed or not, I don't know—that it is costing something like $25 million just for commissions and underwriting charges of these bonds. Is that a fact?

Hon. Mr. Brunt: Honourable senators, I can answer that question in part. I cannot give definite figures, but I can say that the amount of bonds being re-financed is roughly $6.4 billion. I understand that approximately $3.3 billion of these bonds are owned by the Bank of Canada, Government agencies and the chartered banks, and that no commission will be paid on the conversion of any of these bonds. In addition, there is a list containing approximately 2,500 names—what is called a special names list—consisting of companies, estates and a few individuals who are large holders of these bonds. The regular commission is not paid on any of their holdings.

I understand that the commission on long-term bonds is one per cent, and that the rate goes down as the maturity closes up: on the really short-term bonds it is, I believe, a quarter of one per cent. The estimate which the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has given, of $25 million, is, as far as I can gather, approximately correct, but we shall not know until conversion is completed, because if large numbers of bonds are converted into the long-term issue the commission, naturally, will be higher, but if everyone who is entitled to do so converts into the short-term issues the commission will of course be smaller.

Hon. Mr. Bouffard: Is the cost of advertising included in the $25 million?

Hon. Mr. Brunt: My understanding is that it is not included.

Hon. Mr. Roebuck: This has to do with commissions?

Hon. Mr. Brunt: Yes, as I understand it.

Hon. Mr. Aseltine: I might point out to the honourable senator from Toronto-Trinity that on the Order Paper there is a question on the same point in the name of the honourable senator from De la Durantaye (Hon. Mr. Pouliot). I have asked for the information he requires, and I assume it will be presented at the next sitting of the Senate.

Hon. Mr. Roebuck: For how long will the brokers be working on this?

Hon. Mr. Brunt: I understand that the closing date is September 16.

Hon. Mr. Vaillancourt: September 15.

Hon. Mr. Brunt: Yes.

Hon. Mr. Power: At the risk of being considered a nuisance, may I ask how this control over the 2,500 special names will be exercised?

Hon. Mr. Brunt: I may be wrong, but I understand that the list was prepared by the Bank of Canada and that it has been furnished to all the bond dealers, banks and trust companies; in other words, the selling institutions. I am not saying for one moment that it has been furnished to every salesman.

Hon. Mr. Wall: Are these what are called special institutions, where the issues are handled by special salesmen and commission is paid?

Hon. Mr. Brunt: My understanding is that there will not be a commission. If I am wrong I stand to be corrected.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
Ottawa

August 7, 1958.

Sir,

I have the honour to inform you that the Honourable Mr. Justice J. H. G. Fauteux, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 7th August, at 5.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative)

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators I lay on the Table two reports, as follows: follows:

Annual Report of Expenditures and Administration in connection with the Family Allowances Act and the Old Age Security Act for the fiscal year ended March 31, 1958. (English and French texts).

Report on the activities of the Food and Agriculture Organization of the United Nations for 1957-58, pursuant to section 3 of Chapter 122, R.S. (English and French texts).

DIVORCE

BILLS—FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-285, for the relief of Gordon Kent Lambert.

Bill SD-286, for the relief of Catherine Doris Dooley Bantey.

Bill SD-287, for the relief of Monica Frances Fleice Bottomley.

Bill SD-288, for the relief of Fritz Drechsler.

Bill SD-289, for the relief of Robena Sarah Florence Worrell Day.

Bill SD-290, for the relief of Hedwig Papp Witwitzki.

Bill SD-291, for the relief of Gerald Leonard Pilcher.

Bill SD-292, for the relief of Mary Madeleine Dorothy Butler Meaney.

Bill SD-293, for the relief of John Shaw Macneill Carson.

Bill SD-294, for the relief of Libusa Franic Kotow.

Bill SD-295, for the relief of Sheila Estelle Rosenstone Lane.

Bill SD-296, for the relief of Renald Leroux.

Bill SD-297, for the relief of Pierrette Beauregard Ifould.

Bill SD-298, for the relief of Marion Brooks McConnell Bienvenue.

Bills read first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave, I move that the bills be read the second time now.

Motion agreed to and bills read second time, on division.

THIRD READINGS

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

Hon. Mr. Roebuck: With leave, I move that these bills be read the third time now.

Motion agreed to and bills read third time and passed, on division.

CENTRAL MORTGAGE BANK

INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

1. After the Central Mortgage Bank bill had passed all the stages at the session of 1939, were the Central Mortgage Bank directors named and, if so, on what date?
2. Did the said Act go into effect and, if not, why?

Hon. W. M. Aseltine: Honourable senators, the answer to the honourable gentleman's inquiry is as follows:

1. Yes; July 12, 1939.
2. Yes.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, seconded by the honourable Senator

Haig, with leave, that when the Senate adjourns today it stand adjourned until Tuesday next, the 12th day of August, 1958, at 8 o'clock in the evening.

Motion agreed to.

CANADIAN FARM LOAN BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-38, to amend the Canadian Farm Loan Act.

Hon. William M. Wall: Honourable senators, it is not my intention to delay the third reading of this bill, but I had hoped that either the Leader of the Government (Hon. Mr. Aseltine) or one of the Government spokesmen would make some sort of statement on third reading in response to the observations which were made and to the questions asked in this chamber concerning certain improvements or amendments to the act to meet more adequately some of the problem areas which were indicated on second reading. I would not wish to draw incorrect inferences from the fact that these observations were not answered by the Government in the house here or during the committee proceedings, which I followed with great interest.

For example, the honourable senator from Milford-Hants (Hon. Mr. Hawkins), if I understood his remarks correctly, stressed the problem area of the relationship between the Nova Scotia Land Settlement Board, the provincial credit institution for agriculture, and the Canadian Farm Loan Board. He spoke at length about that problem and he made some observations concerning the problem of consultative and supervisory services to agricultural borrowers both at the time of negotiating for loans and later during the course of repayment. I had hoped that probably some indication would come from the Government as to its attitude, either now or in the immediate future, concerning this problem.

I wish to bring to the attention of honourable senators what the honourable senator from Westmorland (Hon. Mr. Taylor) said the other day. I note that he is not present in the chamber at the moment. The honourable gentleman raised three very interesting problem areas, and he is a man of experience, for if I remember correctly he spent some 17 years administering the Farm Settlement Act in New Brunswick. He pointed out these problem areas: first, that a partnership or a private corporation could not secure a loan above the amount that was granted to an individual, and that this was a problem area which is of serious proportions at the present time; secondly, that according to the present regulations the valuation placed on a property on which the appraised value is obtained is based on cultivated farm lands and buildings only, and that this creates a very serious problem in eastern Canada because woodlots are not included in the appraised value before loans are granted.

The honourable senator pointed out also that the present Farm Loan Board Act almost precludes a young farmer from getting a loan. Let us suppose there is a young farmer who wants to buy a farm. Unless he already owns a farm he cannot get a loan, and the Farm Loan Board as such has no authority to buy a farm and then sell it to this individual. Hence there is a problem area for the young farmer who has no land, wants to start operating a farm, and maybe has $5,000, $6,000 or $10,000 to begin with. If he has no land, no holding, I understand he cannot get a loan.

I also pointed out during my brief intervention that I hoped I might see in this legislation the kind of amendments that were stressed—that were advanced as logical legitimate, and necessary—by the present spokesmen of the Government back in 1956. I mentioned that the two points that were raised at the time—and as a matter of fact I agree with them—as necessary, sequential amendments to meet the kind of farm credit needs that were becoming more acute were: (a) changing the percentage relationship of appraised value to 75 from 65, which was the proposition, if I may now mention it, advanced by the honourable senator from Hastings-Frontenac (Hon. Mr. White); and (b) that the amount of the loan be raised from $15,000 to $20,000.

Hon. Mr. Roebuck: May I ask the honourable senator a question? Is there anything in the act or in the regulations which makes it impossible for a proposed purchaser to accept an offer of sale or to make an offer to purchase subject to the obtaining of a loan of a stated amount from the board?

Hon. Mr. Wall: I must confess that I cannot answer that question, but it was a question that was raised by the honourable senator from Westmorland and it was not answered in committee. I am just raising it or indicating it as a problem area that appears to exist and was not taken care of in the simple amendment to the bill which merely increases the board's capitalization.

Hon. Mr. Roebuck: Perhaps we will hear from the Government on that particular point.

Hon. Mr. Wall: I am hoping that will be so.

Quite frankly, I was tempted even at this late stage to move amendments to this bill

by adding clause 2 which in effect would repeal section 7 of the Canadian Farm Loan Act and change the appraisal percentage to 75 and the maximum loan to $20,000. But I have a suspicion that such amendments could be construed or interpreted as being beyond the competency of the Senate, because although they are of a permissive character in their intent, if carried out by the board they could at least potentially increase, not the over-all charge on the exchequer which is delineated by clause 1 of the bill and is Government-recommended and is a Government commitment, but the rate of the charges on the exchequer in the form of loans. I am therefore, not pressing my amendments at this time at all but I do hope that by saying what I have said some form of a response to some of the questions and some of the comments concerning the problem are as may yet be forthcoming at this stage.

Hon. Mr. Aseltine: In reply to the honourable senator, I wish to state that there is nothing at all in the act to prevent a person doing as was suggested by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). A deal may be made subject to obtaining a loan.

The other matters mentioned by the honourable junior senator from Winnipeg (Hon. Mr. Wall) are all matters of policy and I have drawn them to the attention of the Government. The act is constantly under process of revision and it would be entirely improper for this house to make any amendments such as suggested by him, because we have no power to do so. They would be in the nature of taxation measures.

Hon. George S. White: Honourable senators, I only wish to say a word in regard to the remarks made by the honourable junior senator from Winnipeg. He is entirely mistaken when he says that a farmer cannot obtain a loan not become effective only on the closing I know I am correct in that, because at the present time two applications have been made through myself by a farmer to buy a farm.

Hon. Mr. Roebuck: May I ask, would the loan not become effective only on the closing of the deal?

Hon. Mr. White: That is correct.

In reply to the other matters raised by the honourable senator I would refer him to page 2297 of the House of Commons *Hansard,* where he will find a statement by the Minister of Finance to the effect that the Canadian Farm Loan Act, the Farm Improvement Loans Act and the Veterans' Land Act are all under extensive study at the present time, with the hope and expectation of making improvements to the Canadian Farm Loan Act. I think when the results of that study come forward many of the suggestions and criticisms of the present act will be rectified.

Hon. Mr. Wall: May I say that I am fully aware of the statement made by the honourable minister, and I made reference to it when I spoke previously in the house.

I would like to add that it would no doubt be of great interest to some of us in this house if we could have a study that has evidently been prepared by Dr. Booth of the Economics Division of the Department of Agriculture, in which he tries to give some picture of the provincial-federal legislation dealing with farm credit, plus the experiences of some other countries. If it were possible to have that document tabled in this house, I would be very happy to study it.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

WESTCOAST TRANSMISSION COMPANY LIMITED—SECOND READING

Hon. William R. Brunt moved the second reading of Bill S-16, respecting Westcoast Transmission Company Limited.

He said: Honourable senators, Bill S-16, entitled "An Act respecting Westcoast Transmission Company Limited", is a simple bill and one which requires only a short explanation.

The purpose of the bill is twofold: first, to allow the company to increase the number of its directors so as to make possible a wider representation of shareholders on the board of directors; and secondly, to give the company the right it desires to have, to set up an executive committee consisting of not less than three directors, so that the day-to-day operations of the company may be carried on and the problems dealt with in an efficient and expeditious manner.

To deal with the bill clause by clause:

Clause 1 of the bill repeals section 8 of Chapter 37, Statutes of 1949 (First Session), being the act under which this company was originally incorporated. In place of section 8, the following is substituted:

> Sections 153, 162, 167, 184, 190, 193 and 194 of Part III of the Companies Act shall not be incorporated with this act.

I may state that the only addition which is made by this particular clause is the adding of section 153 of the dominion Companies Act, which reads as follows:

> The affairs of the company shall be managed by a board of directors of not more than nine and not less than three directors.

Honourable senators will note that under this particular section of the Companies Act the number of directors of any company

must be at least three and in no case more than nine. By inserting section 153 of the Companies Act in clause 1 of this bill it means that this particular section does not apply to Westcoast Transmission Company Limited, and that the restriction with respect to directors has no application to this company.

In view of this, it is then necessary that the number of persons who shall serve as directors of this company be fixed, and this is done by clause 2 of the bill.

Honourable senators will note that, by clause 2 of the bill, this company must have at least three directors, and also the company can have as many as 15 directors, the number being fixed from time to time by bylaw of the company.

Finally, clause 3 deals with the setting up of an executive committee to operate and manage the company from day to day.

I might point out that clause 3 is actually section 94 of the present Companies Act, word for word; and under this particular clause the company, whenever the board of directors consists of more than six, can set up an executive committee of not less than three. Further, such executive committee shall have the power to fix its quorum at not less than a majority of its members.

Finally, this committee may exercise such powers of the board as are delegated to it from time to time by bylaw, subject of course to any restriction as contained in any such bylaw and to any regulations imposed from time to time by the directors.

That is all I have to say in connection with the bill. I shall be pleased to answer any questions.

It is my purpose, of course, to move that the bill be referred to the appropriate committee.

Motion agreed to and bill read a second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Transport and Communications.

The Senate adjourned during pleasure.

At 5.45 p.m., the sitting was resumed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-47, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1958, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Bill read first time.

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

Hon. Mr. Haig: Tuesday next.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable J. H. G. Fauteux, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable J. H. G. Fauteux, a Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the following bills:

An Act for the relief of Annie Allish Watson.
An Act for the relief of John Spence Brown.
An Act for the relief of Verne Alfred Freeman.
An Act for the relief of Davina Betsy Snow Campbell.
An Act for the relief of Jack Spinner.
An Act for the relief of Claude Hector Proulx.
An Act for the relief of Mary Florence McLelland Pringle.
An Act for the relief of Robert Maurice Sherwood.
An Act for the relief of Margaret Jeanette Young Warmington.
An Act for the relief of Mary Isabella Cross Davidson.
An Act for the relief of Rita Firestone Flax.
An Act for the relief of Dorothy June Pearce Tribble.
An Act for the relief of Anne Rottermund David.
An Act for the relief of Gordon Edwin Limbrick.
An Act for the relief of Helen Paperno Bogatin.
An Act for the relief of Joseph Victor Cyril Goyer.
An Act for the relief of Henry Joseph Haggett.
An Act for the relief of Ethel Roe Emond.
An Act for the relief of Frederick Wilson Abbott.
An Act for the relief of Gilda Rosen Silverman.
An Act for the relief of John Luczko.
An Act for the relief of Anita Fischer Staub.
An Act for the relief of Margaret Irene Dawe Mays.
An Act for the relief of Janine Lafontaine Frost.
An Act for the relief of Lydia Feodorovna Ovchinnikova Lipsman.
An Act for the relief of Donald Malcolm Gangin.
An Act for the relief of Marie Louise Plourde Auld Emard.
An Act for the relief of Ralph Murrin.

An Act for the relief of Bruno Giovanni Albertini.

An Act to implement a convention between Canada and Belgium for the avoidance of double taxation with respect to income taxes.

An Act 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.

An Act to amend the Prairie Grain Advance Payments Act.

An Act to amend the Prairie Farm Assistance Act.

An Act to amend the Animal Contagious Diseases Act.

An Act respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

An Act respecting The Catholic Episcopal Corporation of Timiskaming.

An Act respecting Ogdensburg Bridge Authority.

An Act respecting The Algoma Central and Hudson Bay Railway Company.

An Act to amend the Canadian Farm Loan Act.

Hon. Roland Michener, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray certain expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

To which bill I humbly request your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, August 12, at 8 p.m.

THE SENATE

Tuesday, August 12, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

ESTATE TAX BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-37, respecting the taxation of estates.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

Hon. Mr. Roebuck: May I ask when this bill will be distributed? It is not on our desks now.

Hon. Mr. Aseltine: I have received my copy. The bill will be distributed by tomorrow, I am sure.

Hon. Mr. Roebuck: Yes, but that is not good enough. Will it be distributed tonight?

Hon. Mr. Macdonald: Is it the intention of the honourable leader to proceed with this bill as the first item of business tomorrow?

Hon. Mr. Aseltine: That is the intention, yes. After second reading it will be referred to the Banking and Commerce Committee and it may be some time before it is through there. I would like on that account to proceed with second reading tomorrow.

The Hon. the Speaker: Can the bill be distributed tonight?

Hon. Mr. Aseltine: It will be distributed first thing in the morning.

Hon. Mr. Roebuck: Will it be distributed to our offices first thing in the morning or put in our mail boxes so that we will get it promptly?

Hon. Mr. Aseltine: I understand that it will be distributed first thing in the morning.

Hon. Mr. Roebuck: Where will it be distributed?

Hon. Mr. Aseltine: I will be glad to give the honourable senator my copy.

Hon. Mr. Roebuck: No, no.

Hon. Mr. Croll: Have you got two copies, one for me too?

The Hon. the Speaker: The Clerk of the Senate informs me that there are 12 copies of this bill here on the Table, and tomorrow morning other copies will be distributed to honourable senators.

[*Later:*]

Hon. Mr. Aseltine: I would like to refer to the matter of the printing and distribution of the Estate Tax Bill. It is a very heavy undertaking to print this bill with the amendments made in the other place and it may be a little late in the morning before it can be distributed, but I am told that it will be in the mail for certain by noon. I would like to point out that the amendments that were made in the House of Commons are set out on the second page of House of Commons *Votes and Proceedings*, No. 55. Honourable senators who have a copy of the bill as originally distributed and a copy of these amendments have everything contained in the bill that has just been given first reading here.

PENITENTIARY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, to amend the Penitentiary Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

INDIAN BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-24, to amend the Indian Act.

Bill read first time.

Hon. Mr. Macdonald: Honourable senators, may I ask the honourable Leader of the Government if this is the bill which was passed last session, but did not receive the royal assent?

Hon. Mr. Aseltine: It is exactly the same bill. Honourable senators will recall that the bill was given second reading on Friday, January 31, 1958, and third reading on the following day, February 1, but that was the day on which Parliament was dissolved and there was not time for the bill to receive the royal assent.

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

Hon. Mr. Aseltine: Next sitting.

LAKEHEAD HARBOUR COMMISSIONERS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-26, to incorporate the Lakehead Harbour Commissioners.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following documents:

Report on industrial designs, dated June 1, 1958, by the Royal Commission on Patents, Copyright, Trade Marks and Industrial Designs. (English and French texts).

Report of the Department of Public Printing and Stationery for the fiscal year ended March 31, 1958, as required by section 36 of chapter 226, R.S. (English and French texts).

Report of the Superintendent of Insurance of Canada, Vol. I, respecting abstract of statements of insurance companies in Canada, for the year ended December 31, 1957, as required by section 9 of chapter 70, R.S. (English and French texts).

Report of expenditures and administration in connection with the Unemployment Assistance Act for the fiscal year ended March 31, 1958, as required by section 9 of chapter 26 of the statutes of 1956. (English and French texts).

Report dated June 30, 1958, of Lakes Winnipeg and Manitoba Board respecting measures for the control of the waters of Lakes Winnipeg and Manitoba, Province of Manitoba, together with supplementary volumes I and II containing the appendixes numbers 1 to 8, both inclusive, to the said report. (English text).

HOUSING

REPORT OF FINANCE COMMITTEE

Hon. Charles G. Hawkins, Chairman of the Standing Committee on Finance, presented the report of the committee on the report of the Central Mortgage and Housing Corporation for the fiscal year ended December 31, 1957.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hawkins: Next sitting.

AUTHORITY TO PRINT REPORT IN SENATE RECORDS

Hon. Mr. Hawkins moved, with leave:

That the report of the Standing Committee on Finance on the report of Central Mortgage and Housing Corporation for the fiscal year ended December 31, 1957, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

Motion agreed to.

See appendix to today's Hansard, *pp. 501-6.*

DIVORCE

REPORTS OF COMMITTEE ADOPTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 308 to 330.

He said: Honourable senators, I hope to present on Thursday the committee's final report for this session. It is now being prepared. Honourable senators will notice that the reports have reached 330 in number. That does not mean 330 cases have been tried, for certain reports have recommended refund of parliamentary fees, the granting of certain powers to the committee, and so on. I shall give complete statistics later, but I may say now that the actual number of cases tried was 319.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Roebuck: Honourable senators, I move, with leave, that these reports be adopted now.

Motion agreed to.

CENTRAL MORTGAGE BANK

NOTICE OF FURTHER INQUIRY

Hon. Jean-François Pouliot: Honourable senators, as a rule the honourable Leader of the Government (Hon. Mr. Aseltine) is quite accurate and helpful in answering questions of my honourable colleagues. But at page 480 of Senate *Hansard*, in dealing with the second part of my question about the Central Mortgage Bank Act, he did not answer as well as usual. I have to make inquiries myself to verify his answer.

The question I asked was this:

Did the said act go into effect and, if not, why?

The answer was "Yes". It may be "Yes" if one overlooks the fact that the Board of Directors of the bank was never authorized to act. I will refer the honourable gentleman to some important clippings. I knew that the Central Mortgage Bank directors had been named. On July 12, 1939, in the Montreal *Gazette*, there was a dispatch from that paper's resident correspondent in Ottawa stating that the act was going into effect the following Friday, and there were many difficulties. In the Ottawa *Journal* of July 17, 1939 there was an article headed: "What is a farm? Knotty problem for bank". There was no definition of the word "farm" in the Bank Act. And on August 22 the Central Mortgage Bank was supposed to begin enrolling loan companies within six weeks.

Then in the papers of October 7, 1939 there was a Canadian Press dispatch with the following headline, "Mortgage aids may be halted", with subheadings reading: "Government ponders whether Central Bank plan now needed", and "War conditions alter outlook on scheme to discount obligations". The answer is found not in the Senate *Hansard* but in the Budget Speech of the Minister of Finance on June 24, 1940, at page 1055 of the House of Commons *Hansard*:

> The Government purchased capital stock of the Central Mortgage Bank to the amount of $250,000. On November 13, 1939, it was announced that the Government had decided that the Central Mortgage Bank should not commence active operations for the time being. The existing state of war and the uncertainties regarding the effect which war might have on incomes and real estate values, made conditions so abnormal that the Government did not feel it would be practicable to make, with any degree of assurance, valuations that would provide an equitable and permanent basis for sound debtor-creditor relationships. There was the further consideration that the adjustments contemplated by the act involved the use of the national credit on a substantial scale, and this also seemed undesirable in view of the very heavy present and prospective demands upon the national resources for war purposes.

What happened was that the gentleman who was appointed as general manager of the bank was in charge of a skeleton staff for many pears, until the Central Mortgage Corporation replaced the skeleton staff of the Central Mortgage Bank and the manager of the Central Mortgage Bank became the manager of the Central Mortgage Corporation.

Now I have a practical question to ask, referring to what the honourable senator from Hanover (Hon. Mr. Brunt) said not long ago about the trust and loan companies. He said there was a request from the trust and loan companies for the public legislation that has recently been before the Senate. He did not say what were the reasons alleged by those companies to have that legislation—

Hon. Mr. Aseltine: I think the honourable senator is completely out of order in discussing all these matters, and that he should put another question on the Order Paper.

The Hon. the Speaker: He has put a question and he is explaining it. I think he may proceed.

Hon. Mr. Pouliot: Thank you, sir. I do not want to take up too much of the time of the Senate, but I had to work hard to answer my own question to my own satisfaction, and I am giving my honourable colleagues the benefit of my research. But now I come to my question, which is clear, and which I will try to make as concise as possible. The Central Mortgage Bank Bill was the ancestor of the Central Mortgage Corporation. I cannot find this in the books that I have at my disposal, but what I want to know is if the trust and loan companies that insisted on the passing of the Central Mortgage Bank Bill in 1939 were the same companies that insisted on having the recent legislation about trust and loan companies.

Hon. Mr. Horner: May I point out to your Honour that, much as I enjoy listening to the honourable senator, I fail to see what bearing his remarks have upon a question of notice of motion.

The Hon. the Speaker: The honourable senator is speaking on a notice of inquiry.

Hon. Mr. Pouliot: Yes.

Hon. Mr. Horner: I think he is entirely out of order.

The Hon. the Speaker: I rule that the honourable senator is in order, but that since he is speaking on a notice of inquiry his remarks should be brief.

Hon. Mr. Pouliot: Thank you. For the benefit of the honourable gentleman, I will state my question and then he will not be put to the trouble of reading it in the Order Paper. It is to save his time that I am putting that question now, but I want to be clear, because if I had not a satisfactory answer in the first place it was perhaps because my question was not clear enough. I enjoy having an interruption from the honourable gentleman from Blaine Lake (Hon. Mr. Horner), because he gives me an opportunity to complete my question. If he had not spoken I could not have given all those explanations to tell this honourable chamber what I want to know. But now probably he will agree with me, as we agreed together in the most famous debate which took place in the Senate in years. We two alone held the same view, and it was the first time opposites met in such unison.

But now, here is my question, clearer than ever—crystal clear: I want to know if the trust and loan companies which insisted on the passing of the Central Mortgage Bank bill in 1939 were the same companies that insisted, according to the evidence of the honourable senator from Hanover (Hon. Mr. Brunt), on the passing of the amendments to the Trust and Loan Companies Bills this year, and, if so, what reasons did they give in each instance, and who were those who wrote on behalf of those companies in 1939 and every other year, according to our honourable friend? That is my question. I hope that the honourable gentleman from Blaine Lake finds it clear enough, and that the answer will be just as clear and as concise as my question is.

STRATFORD SHAKESPEAREAN FESTIVAL

ENGAGEMENT OF LANGSTON HUGHES—INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

Referring to the remarks of the Honourable Senator Quinn about the engagement of Langston Hughes at the Stratford Festival, as reported in the Senate *Hansard* of July 15 and 16, 1958—

1. Did the Stratford Festival authorities notify the Government that they had cancelled Langston Hughes' engagement?
2. Did the Government get any reaction from the Canada Council?
3. If so, what was it?

Hon. W. M. Aseltine: Honourable senators, the answer to the honourable gentleman's inquiry is as follows:

1. No.
2. No.
3. Answered by No. 2.

CANADA CONVERSION LOAN

INQUIRY AND ANSWER

Hon. Mr. Pouliot inquired of the Government, pursuant to notice:

1. What commission has been allowed by the Government of Canada for the sale of Canada Conversion Loan 1958?
2. Was it uniform?
3. If not, what was it and why were the commissions granted on a different percentage?
4. What is the total amount of the commissions granted by the Government for the said loan?

Hon. Mr. Aseltine: I have the following answer to the honourable gentleman's inquiry:

1. Commission: 3 per cent 3¼ year bonds, ¼ of 1 per cent; 3¾ per cent 7 year bonds, ½ of 1 per cent; 4¼ per cent 14 year bonds, ¾ of 1 per cent; 4½ per cent 25 year bonds, 1 per cent.

No sales commission is payable in respect of bonds converted by the Bank of Canada, government accounts or chartered banks for their head office portfolios. Moreover, there is a list of about 2,500 names including all the large corporate investors in Canada who are being covered on a co-operative basis by the investment dealers under the direction of a national committee. In the case of conversions by these corporate investors, the rate of commission is one quarter of one per cent on the three and one-quarter year 3 per cent bond, and one half of one per cent on all other maturities.

2. No.

3. It has been customary for many years on new financing of the Government of Canada, of provinces and of corporations to establish selling commissions at rates varying directly with the period of time for which money is borrowed. Shorter-term issues tend to be distributed among fewer investors and in larger average transactions than longer term issues of comparable size. The Conversion Loan of 1958 has been designed to produce a significant lengthening in the average term of the funded debt and the commission scale provides incentives which support this objective.

4. Since there is no way of determining the total amount of conversions which will be made into each of the four maturities, it is not possible to indicate what the total commissions will be.

CIVIL RIGHTS

INQUIRY AND ANSWER

Hon. Mr. Aseltine: Honourable senators, I have a reply to a question which was asked on August 5 by the honourable junior senator from Winnipeg (Hon. Mr. Wall). He referred to the legislation concerning a Bill of Rights and mentioned a statement made by the Prime Minister in 1955 having to do with the setting up of a joint committee of both houses to act as a watchdog over civil rights. He then asked if it was the intention of the Government to set up such a joint committee before proceeding with the introduction of the Bill of Rights.

The answer to that question is: No.

Both houses would have to be consulted. However, the idea is still considered good and has not been given up.

NATIONAL PAROLE BOARD

INQUIRY AND ANSWER

Hon. Mr. Aseltine: Honourable senators, I also have a reply to a question asked last Tuesday by the honourable Leader of the Opposition (Hon. Mr. Macdonald). He stated that in the press the other day he saw a dispatch to the effect that the Minister of Justice intends to call a meeting with provincial representatives to discuss the Fauteux Committee report. He also stated that he had noted on the Orders of the Day of the House of Commons that the Minister of Justice has a resolution to the effect that it is expedient to introduce a measure to establish a National Parole Board.

He asked if the Leader of the Government could inform the Senate whether it is the intention of the Minister of Justice to proceed with the resolution during this session and before the meeting above mentioned.

The answer to that question is that the Government is proceeding with the parole bill. The explanation of the fact that we are proceeding with the parole bill before the meeting with the provincial ministers to discuss the Fauteux Committee report is that the Fauteux Committee report makes certain

recommendations, the implementation of which requires co-operation on the part of the Government of Canada on the one hand and the provincial Governments on the other hand, and certain other recommendations which can be implemented by the Government of Canada or a provincial Government. The parole bill is designed to implement a recommendation which is entirely within the dominion field, whereas the proposed conference is to deal with matters in the field requiring joint action.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. John T. Haig moved the second reading of Bill C-47, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1958, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, this is the usual bill that is brought in every session to vote moneys to carry on the operation of the Canadian National Railways. Part of the purpose of the bill is to guarantee borrowings by the company, and part of it is to provide moneys to buy new equipment, build new roads and so on and to do business for the first six months of next year.

Now, before I deal with the bill at all I want to say we have called a meeting of the Committee on Transport and Communications for tomorrow morning at 10.30. Officials of the company will be there, so if any senator who has any question to ask about the bill will come to the meeting tomorrow morning, whether he is a member of the committee or not, the officials will be very pleased to answer.

Now, honourable senators, this is not a new piece of legislation.

Hon. Mr. Isnor: Will the President of the railway be there?

Hon. Mr. Haig: As long as I have been in the Senate he has come every year. At least, while I was sitting on the opposite side of the house he came here, and now that I am on the Government side I suppose he will continue to come.

Hon. Mr. Macdonald: You criticized the bill quite severely when you were on this side.

Hon. Mr. Haig: Not your handling of the bill, my dear sir, but what was contained in it.

I want to deal with the bill for just a minute or two. I think one of the problems we Canadian people have is the Canadian National Railways. I think we will have it with us for as long as Canada lasts, and so I think that we ought to see if we can investigate the whole system either by a joint committee of the two houses or some other committee that the public will have confidence in, to see what can be done, to see if we can put the road on a fair plane to do business in our country.

Before I go to that subject let me make one further point. It has been said in the press in my city and in other cities that the head of the Canadian National Railways is not a man who rose from the ranks. Let me point out, while that may be true of the President, at the present time two of his outstanding assistants are men who rose from the ranks. They were raised in my own city of Winnipeg, I knew them well, and as boys they played with my own boys; I knew their fathers and mothers well. I refer to the Mr. N. J. MacMillan, Executive Vice-President, and Mr. S. F. Dingle, Vice-President in Charge of Operations. These men, as I have said, started right at the bottom. I think they began as assistants to the office boy, and they have moved up to positions second only to that of the President.

I point to the success of these two men not because they came from my city; they might have been raised in Halifax, Montreal, Saint John, Vancouver, Hamilton, Toronto, London or any other city in Canada, and have had the same story. But they were brought up by fathers and mothers who were conscientious Canadians, who were ambitious that their boys should do well and take their place in the life of this country. And how well they have taken it!

Hon. Mr. Horner: It is just unfortunate they were brought up in Winnipeg.

Hon. Mr. Haig: It was better that they were brought up in Winnipeg.

It gives me a great deal of pleasure to say what I have said tonight about these two young men. They are the product of our public schools, our high schools and universities. Boys like them come from almost every centre in Canada; even if they came from Blaine Lake, I would still speak for them. I want such men as these to have a fair chance in the operation of their railway in competition with other transportation systems.

Let us look at the Canadian Pacific Railway Company. The man who heads that company was born in humble circumstances in the province of British Columbia, and has risen to top rank in his field. The boys of whom I speak have the same ability, and in

my opinion they have a right to have a chance to do what they are doing well.

The railways in Canada face fierce competition from water and highway transportation. Highway transport has increased greatly, and it is increasing all the time. The trouble with that form of competition is that the costs of the roads are not paid for by the people who use them most. The citizens of Canada pay for the roads, and yet the truckers get the greater use of them, with just the payment of a license fee and perhaps a little extra tax on gasoline.

Hon. Mr. Brunt: The truckers would give you an argument on that point.

Hon. Mr. Haig: We have to do something to put the C.N.R. on a fair basis of competition with other forms of transportation. When the railways go before the Board of Transport Commissioners, it is always the C.P.R. that is taken as the yardstick, and what is given to the C.P.R., the C.N.R. has to accept. At the same time we put on to the Canadian National Railways system railway after railway and ask it to pay the charges on these roads that cannot physically be made to pay. No man in his right senses would ever think of buying this railway system as a business proposition. So, for these reasons, I say that we as Canadians have to recognize the need for doing something that will solve the problem, rather than have the system come to Parliament for a vote of moneys every year. This year they are asking for $307 million.

This situation is one that demands our attention. I do not know of any body better qualified to consider a subject like this than the Senate. We have in this chamber men and women from every part of Canada; we are all interested in our country, and in giving the railway that is owned by the people of Canada an even chance with other systems of transportation. I am opposed to handicapping the men and women who work for the C.N.R., and putting them in a position where they cannot possibly make a success of their railway operation in the same way as does the C.P.R.

The bill now before us is the usual bill that comes before Parliament each session. By it Parliament is asked to vote so much money for the year 1958, and an estimated amount for the first six months of 1959. That is the way it has always been done. In a private company you would have to have the money from the beginning of the year to make the expenditures and pay for improvements; but with the public-owned railway the money has to be provided in advance by Parliament. After taking into consideration the costs and expenditures for the year 1958, an estimate is made on that basis for the expenditures of the first six months of 1959.

The bill further provides that the Government guarantee the bonds issued by the railway system, or the company can borrow the money straight from the Government and give a guarantee for it.

In order that honourable senators may have a little clearer picture of what takes place—and I must say I haven't got enough brains to follow it in every detail—I have had prepared certain statements which put the picture in a general way and also in certain details. With the permission of the house I should like to place this information in *Hansard*. In that way, when we come to consider this matter tomorrow or at any other time we will have these facts before us.

The first statement, in general, shows the expenditures for various items in 1958, of $330 million-odd, less $28 million for uncompleted work, and less depreciation of $85 million, making a net figure of $127 million-odd. The statement also shows the estimated expenditure for the first half of 1959 of $134 million, less certain other items amounting to $44 million, leaving a net total of $90 million, and a grand total of $307 million-odd.

CANADIAN NATIONAL RAILWAYS

Year 1958	
Road property	$146,836,000
Branch line construction	12,510,000
Hotels	12,631,000
Equipment	117,294,000
Investment in affiliated companies	47,123,000
	330,623,000
Less:	
Uncompleted work	28,000,000
	302,623,000
Less:	
Depreciation accruals and amortization of discount on funded debt, etc.	85,130,000
	$217,493,000
Year 1959	
Interim financing authority January 1 to June 30, 1959, on obligations incurred prior to January 1, 1959	134,000,000
Less:	
Depreciation accruals and amortization of discount on funded debt, etc., in relation to period January 1, to June 30, 1959	44,000,000
	90,000,000
	307,493,000

My second statement gives a breakdown of the divisions and sets out the amount to be appropriated to each.

Summary of Road Property Capital Budget Projects by areas.

Total of 1958 proposals and cost to complete projects approved in prior years	
Line Diversions	$ 5,700,300
Roadway Improvements	64,292,800
Large Terminals	75,255,500
Yard Tracks & Sidings	7,717,100
Buildings	42,051,500
Highway Crossing Protection	799,000
Signals	11,205,400
Roadway & Shop Machinery	4,021,100
General	18,060,730
Communications	24,272,550
Road Property—Total	253,375,980
Expenditures—1958	146,836,080

In my third statement I show the investment in affiliated companies.

CAPITAL BUDGET—YEAR 1958
INVESTMENT IN AFFILIATED COMPANIES

	1958 Budget
Toronto Terminals Railway Company Estimated Requirements — $171,500. C.N.R. proportion—50%	$ 85,750
Northern Alberta Railways (Joint with Canadian Pacific Railway Company) General Additions C.N.R. Proportion 50%	1,711,242
Chicago and Western Indiana Railroad Advance under agreements of March 1/36 and May 1/52	325,000
Atlantic and St. Lawrence Railroad Purchase of Capital Stock	1,000
Sub-total	2,122,992
Trans-Canada Air Lines Advances in respect of Capital Expenditures (Year 1958 only)	45,000,000
Total	47,122,992
(say)	47,123,000

My fourth statement sets out branch line construction, mileage, estimated expenditures to December 31, 1957, cost to complete and expenditures for 1958.

CAPITAL BUDGET—YEAR 1958

BRANCH LINE CONSTRUCTION

Construction of the following new branch lines authorized as follows:

	Authorization	Mileage
Hillsport—Manitouwadge	Chapter 49, 1954	27.0
Beattyville—Chibougamau—St. Felicien	Chapter 49, 1954	294.0
Bartibog—Heath Steele Mines	Chapter 19, 1956	23.0
Sipiwesk—Thompson	Chapter 13, 1957/58	30.5
Optic Lake—Chisel Lake	do	52.0

	Authorized Expenditures		Estimated Expenditures to Dec. 31/57	Cost to Complete	Expenditures 1958
	Total	Capital			
Hillsport—Manitouwadge	$ 4,312,000	$ 4,312,000	$ 2,570,000	$ 60,000	$ 60,000
Beattyville—Chibougamau-St. Felicien	35,000,000	34,930,000	24,625,000	10,305,000	7,300,000
Bartibog—Heath Steel Mines	2,800,000	2,800,000	2,400,000	200,000	200,000
Sipiwesk—Thompson	5,385,000	5,358,000	—	5,385,000	4,500,000
Optic Lake—Chisel Lake	10,165,000	10,165,000	—	10,165,000	2,000,000
	57,662,000	57,592,000	29,235,000	26,115,000	14,060,000
Less: Subsidy on Beattyville—Chibougamau-St. Felicien	7,300,000	7,300,000	5,125,000	2,175,000	1,550,000
	50,362,000	50,292,000	24,110,000	23,940,000	12,510,000

There are two other statements, one relating to equipment, the other to hotels.

DETAILS OF EQUIPMENT REQUIREMENTS, BUDGET 1958

	Units	1958 Amount (millions)
Diesel-Electric locomotives	300	$60.1
Freight cars	2,697	33.1
Passenger cars	129	12.8
Additions and conversions	—	2.7
Highway vehicles	—	1.5
Work equipment	172	5.1
Experimental equipment	—	2.0
Total		117.3

1957 actual expenditure for equipment $139.6 million. Equipment delivered in 1957 detailed on page 36 of C.N.R. 1957 annual report.

CAPITAL BUDGET—YEAR 1958

HOTELS

	1958 Proposals	Cost to complete projects authorized in prior years	Total	1958 Expenditure
	$	$	$	$
Newfoundland— St. John's Nfld	6,850	—	6,850	6,850
Charlottetown— Charlottetown, P.E.I	4,825	—	4,825	4,825
Nova Scotia— Halifax, N.S	3,922,000	—	3,922,000	600,000
Chateau Laurier— Ottawa, Ont	79,125	—	79,125	79,125
Fort Garry— Winnipeg, Man	155,950	39,745	195,695	195,695
Bessborough— Saskatoon, Sask	—	17,450	17,450	17,450
Macdonald— Edmonton, Alta	1,900	—	1,900	1,900
Jasper Park Lodge— Jasper, Alta	112,975	—	112,975	112,975
	4,283,625	57,195	4,340,820	1,018,820
Queen Elizabeth— Montreal, Que	—	5,841,000	5,841,000	5,841,000
	4,283,625	5,898,195	10,181,820	6,859,820

These tables explain how the total sum is arrived at. Most of the money is borrowed from the public on the guarantee of the Government. Sometimes, when the expenditure is greater than expected and the Government has approved it, the Government itself makes the loan and takes security.

One other matter which I have not covered, and as to which there may be some disagreement, is that the Government has decided to appoint as auditor not George A. Touche and Co., who have had the contract for some years, but the head of another firm which is quite well known in Montreal, a gentleman who is President of the Canadian Chartered Accountants Association. This is the only clause which has not been included in all previous bills relating to this matter, but it appeared last year.

I am not inviting questions, because this is purely a technical matter.

Hon. Mr. Lambert: May I ask if the person named as an independent auditor in section 11 is head of a firm in Montreal?

Hon. Mr. Haig: He is.

Hon. Mr. Lambert: Does the honourable senator know the name of the firm?

Hon. Mr. Haig: It is a Montreal firm.

Hon. Mr. Lambert: Is the name of the firm McDonald Currie and Co?

Hon. Mr. Haig: The name of the auditor is Lalanne.

Hon. Mr. Aseltine: De Lalanne.

Hon. Mr. Macdonald: That is his name, but the honourable senator is asking the name of the firm.

Hon. Mr. Haig: It is, I understand, McDonald Currie and Co.

Hon. Mr. Lambert: Why is not the name of the firm, rather than of the individual, inserted? The McDonald Currie firm are well-known auditors.

Hon. Mr. Haig: I do not know, but by whichever name it is called, the firm will do the work. If I remember rightly, the first time I saw a clause of this kind in these bills a Winnipeg man was named there. George A. Touche and Co. are the firm who actually do the work; and George A. Touche, who is named in the clause, is the head of that firm.

Hon. Mr. Euler: Is the contract with the individual or with his firm?

Hon. Mr. Haig: I do not know that.

Hon. Mr. Euler: I think it should be with the firm.

Hon. Mr. Haig: I believe it is with the individual, is it not?

Hon. Mr. Macdonald: Yes. He is named in the bill.

Hon. Mr. Haig: The discussion in the other place is reported in *Hansard* of August 7 this year, beginning at page 3176. A question in this connection was answered by the Minister of Finance, but the Minister of Transport made the recommendation, because the matter comes under his jurisdiction. An explanation was given at that time, and that is all there is to it.

Hon. Mr. Lambert: It may be brought out in committee.

Hon. Mr. Haig: It can be brought up in committee.

Hon. Mr. Roebuck: Will the honourable the senior senator from Winnipeg (Hon. Mr. Haig) give us some reasons why the firm of George A. Touche and Co., auditors for the last many years, are being discharged, and this new auditor is appointed in their place?

Hon. Mr. Haig: I can merely refer to the answer given by the Minister of Finance on the floor of the other house, when the same question was asked. The honourable senator may look at page—

Hon. Mr. Roebuck: I am not interested in that. The honourable senator is the sponsor of the bill in this house.

Hon. Mr. Haig: The minister felt that the honour, or the responsibility, should be passed around, that one firm should not hold the appointment forever. George A. Touche was appointed first in 1925. When the late Mr. Bennett became Prime Minister the appointment was continued. When Mr. Bennett was succeeded by the late Mr. King, another auditor was selected, and later the Touche firm were reappointed, and their appointment has been continued ever since.

Hon. Mr. Roebuck: May I ask whether the present selection is the payment of an election debt?

Hon. Mr. Haig: I hope it is, but I doubt it. Our fellows don't pay their debts that way.

Hon. Mr. Hawkins: How do they pay them?

Hon. Mr. Haig: We prefer not to give contracts on buildings, to pay our debts that way. The point is, here is the bill, and I have given the reasons for it. I ask that it be sent to committee, so that any questions touching the financial items can be answered there. No one here can answer them. The figures I have referred to were supplied by the Canadian National Railways to the Government, who approved of them, and they are before the house. The tables were made up under my instructions, and the details of each item are given, as to how it is made up, how much has been paid, and what is owing.

Hon. Mr. Macdonald: Is there any urgency to this bill?

Hon. Mr. Haig: No, except that the company representatives will be in attendance tomorrow.

Hon. Mr. Macdonald: Will the President be here?

Hon. Mr. Haig: The President, and also the company's solicitor.

Hon. Mr. Macdonald: I cannot see any urgency. These men can come some other day.

Hon. Mr. Haig: The urgency arises from the fact that money was voted only to the end of June, and the railway has no money left. This is a supply bill which must be put through. The amount voted last year to cover the remainder of 1957 and the first six months of 1958 is used up. So, I repeat, the period ended June 30, and the C.N.R. has no money. As a matter of fact—if the reporter won't

take this—perhaps I am to blame that this was not down three or four days earlier.

Hon. Mr. Macdonald: Whatever you say will be held in evidence against you!

Hon. Mr. Haig: But the honourable Leader of the Government (Hon. Mr. Aseltine) is not to blame.

I heard in the corridors of the House of Commons that there was going to be a long debate on unionism in connection with this bill and I said "We will never get the bill by tomorrow." However, about half-past three the next afternoon the leader of my party came to me and said, "Your bill will be over here in half an hour", and I replied, "I'm not ready to go on." I admit I was not ready, but I had all this detail in mind. That is why I had to wait until tonight to move second reading and explain the bill. In the meantime we have promised the C.N.R. officials that if it is at all possible the bill will be assented to tomorrow afternoon. That is why we want the bill to be given second reading tonight.

Hon. W. Ross Macdonald: Honourable senators,—

Hon. R. B. Horner: Honourable senators, perhaps I can go ahead of my honourable friend—

Hon. Mr. Macdonald: I always give way to the honourable gentleman from Blaine Lake (Hon. Mr. Horner).

Hon. Mr. Horner: Thank you. Honourable senators, perhaps the selection of the man to introduce this bill was an unfortunate one, for I understand he has received special favours as a guest of the Chateau Laurier. He mentioned these seconds in command and how capable they are. I would like to know from him if he does not think they should be placed at the head of the railroad. On an earlier occasion I attempted to introduce a bill in this house and the honourable senior senator from Winnipeg (Hon. Mr. Haig) was not very kind to me, so I don't feel under any obligation to be particularly kind to him. I repeat, his selection was an unfortunate one, for I happen to know he receives special favours from the Canadian National Railways as a guest of the Chateau Laurier Hotel.

Hon. Mr. Euler: Who is that?

Hon. Mr. Haig: Tell them about it.

Hon. Mr. Horner: This legislation affects me in the freight rates I pay, and I want to know if he does not think these very capable men from Winnipeg, who are seconds in command, should be placed at the head of the railway system.

Hon. Mr. Haig: Let me explain. The "favours" I received at the Chateau Laurier amounted to this. When Prime Minister Diefenbaker held a reception in the Chateau Laurier for the Queen of Canada the manager of the hotel found me at the end of a line of 600 guests who were waiting to be presented to Her Majesty, and he took me through a back room and placed me fourth in the line. The result was that I was the fourth member of either house of Parliament to be presented. That was the favour. I certainly could not have stood up while 600 people had been presented ahead of me. It did not mean anything in a monetary sense. I have been living in the Chateau Laurier Hotel for a long time, 23 years, and I have always paid the regular rates and I am still paying them.

Hon. Mr. Euler: That is nothing.

Hon. Mr. Haig: Fortunately, I have been able to pay them. I take some of my meals in the Chateau Laurier, but I think they are too expensive, so I take most of my meals in the Parliamentary Restaurant. At any rate, that is not what I was talking about. It may be that Mr. Gordon is not a clever railroad man, but he is certainly known to the public as a good businessman. He was employed as one who gave us great service during the war. I know whereof I speak, and no matter what you say about the other young men I know they are A-1. That is the only reason I wanted to speak on their behalf, just the same as I would speak for the sons of the honourable senator from Blaine Lake (Hon. Mr. Horner) if they were here. My honourable friend has two fine young men in the House of Commons.

Hon. Mr. Horner: Never mind about that.

Hon. Mr. Haig: But I don't think he would suggest that he should get out of here to let them take his place.

Hon. Mr. Horner: That is not the argument.

Hon. Mr. Haig: They are very able young men; of course I am not suggesting the honourable senator is not an able man.

Hon. Mr. Euler: Does my friend from Winnipeg (Hon. Mr. Haig) suggest that these two exceptionally able young men are being held back by their senior?

Hon. Mr. Haig: The point is this. How can any young man hope to become president of a great railroad if he cannot show prosperity in his own company because of the debt load and other difficulties the railroad faces? I want to get this out of the way so that these men will have an even break with their counterparts in other companies.

Hon. Mr. Euler: Are you suggesting they are not getting an even break now?

Hon. Mr. Haig: No.

Hon. Mr. Euler: What is the reason they are not getting an even break?

Hon. Mr. Haig: Because they are paying interest on money that is not producing any revenue.

Hon. Mr. Euler: I am referring to the two young men who are being held back.

Hon. Mr. Haig: They are not being held back. They are at the top.

Hon. Mr. Euler: I cannot understand the remark at all.

Hon. W. Ross Macdonald: Honourable senators, I have comparatively few remarks to make. I am sure all of us have enjoyed the debate thus far, but I intend to deal only with some of the details of the bill.

The sponsor stated that provision is made for an expenditure of $307 million. Well, I am glad the bill is going to committee, for I don't see how that figure, which is quite a sizeable sum, is arrived at. Paragraphs (a), (b) and (c) of section 3(1) of the bill provide respectively for expenditures of $330,623,000, $134 million and $110 million.

Hon. Mr. Haig: Look at the credits. Get the credit side of the picture.

Hon. Mr. Macdonald: The three items I have mentioned total $574,623,000. According to the statement tabled by the sponsor of the bill (Hon. Mr. Haig) there are certain credits; but even with those credits we are providing $574,623,000. I will not ask the sponsor to give us a further explanation now but I think this point should be cleared up in committee tomorrow.

Hon. Mr. Haig: Surely.

Hon. Mr. Macdonald: As I understood my honourable friend's explanation, the credits are possible ones, but the liabilities might amount to $574 million.

Now, the honourable gentleman said there was some urgency in passing this legislation, and he said it should have been introduced earlier. Well, I do not know when it could have been introduced, because I understand the bill did not pass the House of Commons until late Thursday afternoon. It was given first reading in the Senate later the same day, and unless the house had sat on Friday or Monday the bill could not have been given second reading before tonight.

It has been said there is great urgency in this, that the Canadian National Railways ran out of money on July 1, and therefore we are asked to rush this bill through second reading tonight, deal with it in committee tomorrow morning and give it third reading and pass it in the house tomorrow afternoon. Why the rush? The house has been in session since May 12. If the Canadian National Railways ran out of money on July 1, I would like to know how it has been operating until now and why it can't continue to operate until August 14 or 15, which would give us plenty of time to consider the bill.

Honourable senators, this is another example of our being asked to rush a bill through when there is no need to rush it.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Macdonald: This bill should have come to us a week ago.

Hon. Mr. Aseltine: We have had it since last Thursday.

Hon. Mr. Macdonald: I understand it was received in this house at six o'clock last Thursday afternoon. This is the first time the house has met since then.

Hon. Mr. Aseltine: The bill was received here about four o'clock last Thursday.

Hon. Mr. Macdonald: All right, four o'clock. If the Canadian National Railways ran out of money on July 1, why did the Government wait until August 7 to present the bill to this house, with a request that honourable senators rush it through, because the railway needs the money? I can see no necessity whatsoever for rushing it. In addition the Government has taken upon itself the responsibility of calling officers of the railway to Ottawa tomorrow morning on the assumption that this house will give the bill second reading tonight. Well, we may give it second reading tonight. I am prepared to make my speech now, for I have no reason for holding the bill up, but I do protest against our being asked to rush bills of this kind through this house shortly after they are received here, when there appears to be no urgency whatsoever.

Honourable senators, if the bill goes to committee I think we should get a full report on the financial condition of the Canadian National Railways. I understand that the company lost considerable money last year and that the prospects for next year are just as bad. I think the honourable senior senator from Winnipeg (Hon. Mr. Haig) went so far as to say that the railway is going to continue to lose money for all time to come. I do not say this has anything to do with the bill but I would remind him that when the former administration was in power the railway did not lose money every year.

Hon. Mr. Haig: It wrote off $1 billion.

Hon. Mr. Macdonald: Under the present financial set-up it made money. Why does the honourable senator say, just because another administration is in power, that the railway is going to lose money for all time to come? I think that is a pessimistic view to take, and I hope it will not come true.

I think we should also find out, in committee, about the volume of passenger traffic and of freight traffic which the railway is now carrying, and if it is anticipated that both will decrease, temporarily or continuously.

Another matter I am particularly interested in is the pool trains, of which we have a limited number, operated by the two large railways. I would like to know if these pool trains are making or losing money. I would also like to know if second-class equipment is used on them; that is, if the better equipment is used where there is competition between the two railways and second-class equipment is relegated to lines on which pool trains are operated. Honourable senators who have travelled from Toronto to Ottawa know what a rough ride it is. Is that because the equipment is second-class or, in other words, pool-train equipment? I am sure honourable senators who make that trip will bear me out, that if one tries to sleep on the night train it is like taking a rough sea voyage and one gets a feeling like seasickness.

Hon. Mr. Brunt: May I point out to the honourable senator that most of the run from Toronto to Ottawa by night is by C.P.R., not C.N.R.

Hon. Mr. Macdonald: I do not know what road the train runs over, but I know it is a pool train, and I defy any honourable senator to sleep on it. I am sure the honourable senator from Hanover (Hon. Mr. Brunt) will agree.

Hon. Mr. Brunt: That is right, but—

Hon. Mr. Macdonald: My question is: Is it because the equipment is second-class? And if so, do the railways put second-class equipment on pool trains because they haven't any competition? It is not fair to provide such poor service to the public who travel between Toronto and Ottawa and on other pool trains which probably are just as uncomfortable.

Honourable senators, there is very little more I have to say about this bill, except that I would insist that it go to a committee.

I am not going to discuss the change of auditors which has already been mentioned, but like the other honourable senators who mentioned this question I am somewhat surprised to find that a reputable firm of auditors which has audited the books of this company in a satisfactory manner since 1923, with the exception of one year, should suddenly be dismissed, and that one man, not a firm, be appointed instead. I think we should hear more about that change in committee.

Again, I protest against a so-called urgency which does not exist, and I would request the Leader of the Government (Hon. Mr. Aseltine) not to continue to bring these bills forward—

Hon. Mr. Aseltine: I have been doing my best. I could have asked the house to sit on Friday, Saturday and Monday.

Hon. Mr. Macdonald: Well, why not?

Hon. Mr. Robertson: Let us reform the House of Commons.

Hon. Mr. Macdonald: With all due respect to the leader, I think every honourable senator is prepared to sit on Friday, Saturday and Monday, if necessary. What I am asking is, if the Canadian National Railways, according to the statement made here this evening, ran out of money on July 1, why is there such a rush to give it money on August 13? The bill could have come to us earlier if there is so much urgency.

Hon. Jean-François Pouliot: Honourable senators, I have listened with a great deal of interest to what has been said, and I am not going to argue about the diligence of the honourable Leader of the Government, who I am sure does his best to try to accommodate his colleagues. On the other hand, the Government should not have waited until the last moment to bring this bill into the House of Commons. But here we are with the Canadian National Railways yearly bill—an annual performance—and I pay my compliments to its sponsor, the honourable senior senator from Winnipeg (Hon. Mr. Haig), who spoke like Raminagrobis. He left us under the impression that there are only two men in the Canadian National Railways. I know Mr. Dingle as well as he knows him. I have not played with him, and my son did not play with him when he was a lad because Mr. Dingle is rather one of my contemporaries. I do not know Mr. MacMillan except by sight. I presume that he is a great Christian gentleman and that he has many endowments and accomplishments. I do not discuss that at all. These two men from the Canadian National Railways have been named, and we are told that young men should follow their example. But there is a large group of employees of the Canadian National who have been ignored. There are those who have given good service to the railway for many years and who have been set back just on the eve of being superannuated. There are crowds of them in the east, in the Atlantic region,

especially at Riviere du Loup, and at Moncton, Halifax and everywhere else, who have given the best of their lives to the railway.

Hon. Mr. Monette: May I ask the honourable gentleman a question? Does he know them all?

Hon. Mr. Pouliot: I know enough of them to say there are are not only two efficient employees. Efficient employees are numerous throughout the railway service. I say to my honourable friend that I do not treat that question as a joke, because in my heart I feel very deeply the sufferings of those men and their families. What is the life of a railway employee? It is a life of sacrifice and devotion both for the man who works and for the family which is anxious about him. They have tremendous responsibilities. What is lacking in the whole Canadian National organization is the human feeling, the human element.

I do not wish to discuss the merits of Mr. Dingle, whom I am honoured to consider a personal friend of mine. I have many friends in the Canadian National Railways, but they mostly belong to the rank and file. I served them to the best of my ability during the many years I had the honour to represent them in the House of Commons. I know their problems as well as anybody here. When these men come to me and say, "We hope you will say a good word on our behalf in the Senate of Canada when the Canadian National Railways bill comes up", I reply, "Surely I will do that; I am not going to forget what you have done for the country by working as well as you have for the Canadian National Railways." That is my stand today.

Is it possible to touch Mr. Donald Gordon? Is it possible to make an appeal to his heart? Who in the whole country can succeed in doing that? When he says, "No", there is nothing that will make him change his mind. He is known for that. He is a czar. That is his way of behaving toward other people. He may be successful and he may be an able man; I do not wish to discuss his ability. What I do not like is that it is impossible to discuss matters with him, and if we do try to discuss things with him he will admit nothing. That is what I complain of. I will tell my honourable friends that when a man has been working for the railway for 14 years and several months, doing hard and unpleasant work, and sometimes dirty work, in the carrying out of his duties, and when he has only two or three months to go to get his superannuation, which will ensure his security and that of his family, and when he has children who are still at school, and he is told to go before getting his superannuation, under those circumstances I regard that treatment as cruel. I do not find it a laughing matter; I find it cruel. I find it sad and I do not think that it could happen in any other company.

I would like to refer to the C.P.R. and its difficulty about the firemen on diesel locomotives. What did the management of that company have to say? They said that their decision to have only a locomotive engineer in the cab on certain trains would not affect the firemen who are at present working and that they would be provided with other jobs. That is human, sensible treatment. That is really the way things should be done in this country. I regret very much, honourable senators, that in this I have to make a comparison that is more favourable to the Canadian Pacific Railway than to the Canadian National Railways. I will give you the reason: it is because the Canadian Pacific has acted with its employees in a manner different from what the Canadian National has been doing lately.

Some honourable senators who travel on trains use the Pullman cars and they have no opportunity there to talk with railwaymen. When a railwayman comes to you and in confidence tells you about his troubles, it is the greatest honour that can be bestowed on anyone, because that gentleman, the railway employee, has enough trust in you to tell you about his personal problems, and when he asks for help it means that he has confidence in the one to whom he speaks. I am sure that many honourable senators have heard complaints from the men themselves. They do not ask for charity—they are too proud for that—but for fair treatment. What I say here now applies generally to Halifax, Moncton, Rivière du Loup, Montreal, and probably Toronto and even Winnipeg. I say that on behalf of my fellow citizens, good red-blooded Canadians who have given years of service to the Canadian National Railways, who deserve to be treated better than they have been by this administration.

Why was Sir Henry Thornton so popular? Why do we see bronze tablets in every station erected to his memory? There is one here in the Union station in Ottawa, and another in Montreal; there are plaques everywhere on the system erected to his memory because of what he did for the humble employees of the railway.

A great English preacher, Father Vaughan, who died a long time ago, used to say, "No job is unworthy of a man who is ready to fill it to the best of his ability." Naturally, there are many positions in the Canadian National Railways, from the top rank to the lowest rank, and they must all be filled by people with a strong sense of responsibility. When I board a train and go to sleep in the

berth which I have bought, I do so without worrying, because I trust the man at the throttle, and the conductor—I trust the whole crew of that train. All of you honourable gentlemen do the same thing. These men deserve our consideration. I do not speak on behalf of John, Dick or Tom, but on behalf of men of all rank and file in the Canadian National Railways; I say, they are entitled to fair treatment and they must get it by all means. We never cease to pray, using the old form of petition; we will never cease to pray that those men who are humble, who make no noise, who work assiduously, should be recognized and treated as fellow Canadians by all of us in Canada, especially by the Senate.

Hon. Arthur W. Roebuck: Honourable senators, just a few words, if I may, please.

I wish to join the Leader of the Opposition (Hon. Mr. Macdonald) in a protest against the way in which this bill was introduced, and the effort that is being made to push it through the house without fair and reasonable debate, or even time to prepare a debate.

The sponsor of the bill (Hon. Mr. Haig) tells us that the officials of the railroad have already been invited to come tomorrow morning and appear before the committee to which this bill will be referred. That is to say, the Government representatives in the Senate have had the presumption to assume that this house will pass this bill after a very short debate, that it will be passed tonight, in order that these men may be properly welcomed tomorrow morning.

I have listened to the very complimentary remarks made about various officials and members of the staff of the railway, and in them I most emphatically concur. I would not for the world present an affront to the officials of this railway when they come here tomorrow morning. Were it not for that fact, I would divide the house right now on a motion to adjourn this debate. But I cannot do that in the face of what the Government representatives have already done in inviting these officials to come on the assumption that this house will dance to their particular tune. I protest, but under the circumstances what can we do? I hope that this kind of jollying of this house will not continue.

When I asked the honourable sponsor of the bill a question with regard to the discharge or the conclusion of the long engagement of George A. Touche and Co. as auditors of the railway, and the appointment of new auditors to fill their place, he referred me to pages 3176 to 3184 of the Debates of the Commons. That is to say, in order to find out what the sponsor of the bill had to tell us, I must read some eight pages of the *Hansard* of the other house. I have done the best I could with those eight pages, two columns to the page, and I have picked out one point to which I would like to draw particular attention, since this has been made a portion of the honourable senator's speech.

A member of the other house asked why the change in auditors had been made, and the answer, I think, is very illuminating. I would like other senators in this house to know just how old servants of the Crown are being treated by the present Government. The Honourable Mr. Hees made this reply:

> The firm of George A. Touche and Company have done the auditing for the past 23 years. This Government is against monopoly; we are fundamentally opposed to it, and believe that in the interests of the free enterprise system various business firms should have opportunitiites from time to time to do work of this kind. It is for that reason that the auditors are being changed.

Now honourable senators, consider what that means. The Government is opposed to the monopoly of those who have served it well. I would like to know how far this monopoly goes. Does it extend to all those who have served the country well for 23 years or some similar term? How long does a person have to serve Canada well to make a monopoly of his services? Does this apply to civil servants as well as to those engaged by contract or by statute? Where does it stop? What about all those able persons who have managed our Crown companies for the past 15 or 20 years? Are their services also a monopoly to be dispensed with on such a ground as that? Does not long and faithful service deserve some consideration from those now in office, or is the very length and quality of their service a reason for their discharge?

I read further in the statement made in the House of Commons and I learn that the gentleman who is to take the place of these ancient and faithful servants was a candidate for the Conservative party in the last general election.

Hon. Mr. Croll: In 1949.

Hon. Mr. Roebuck: As I say, my reading was necessarily hurried.

Of course, that fact has nothing to do with the discharge! Certainly not! Politics would never enter into the actions of the present Government, and particularly those of this gentleman, Mr. Hees, who spoke for the Government in this regard. I protest against this clause in the bill to change the auditors for no real reason whatsoever, beyond a phony, miserable statement of the Government being in favour of free enterprise.

I would like to know how long Mr. Hees will stay in his office before he becomes a monopoly, and whether it would not be a

good thing for free enterprise to dispense with his services. I think it would probably be in the interests of Canada to dispense with the services of any man who gives an explanation of that kind for the ill treatment of a faithful servant of this country.

I protest against the manner in which a bill of this importance has been brought before this house, with a statement of fact that makes it almost impossible for us to give the measure proper reading and attention, or to prepare speeches which a measure that would hand over millions upon millions deserves. I am not protesting against the amounts which the bill would vote; I do not know whether they are too much or too little. Before the bill arrives I cannot decide whether it is or is not a fit bill to be passed. I would like time to consider and study it.

Honourable senators, I have made my speech under these difficult circumstances, and I am not going to move adjournment of the debate.

Hon. David A. Croll: Honourable senators, I am going to be a little bolder.

Hon. Mr. Roebuck: Go to it.

Hon. Mr. Croll: I have heard these protests made by various speakers from this side of the house from time to time. At the last session I even protested when the very distinguished honourable gentleman who introduced this bill laid it on the line and said, "You pass this bill, or else." I gagged a bit at such a statement from a man who has great experience and is highly esteemed. He talked today about urgency, but my distinguished seatmate (Hon. Mr. Roebuck), has pointed out that there is no urgency. The company, though supposedly it ran out of money on the first of July, has been able to operate ever since, and this despite the fact that, like the rest of us here, I do not pay the C.N.R. very much when I travel; so, though it cannot rely on me for the money it needed, it has managed to get by. What troubles me is that the chickens are coming home to roost. A couple of weeks ago, when a bill was introduced on behalf of trust and loan companies, an honourable senator who is present this evening said that witnesses in connection with the bill would be here the following morning—the very same statement—and the witnesses came; and subsequently I protested, and was vehement in my protestations. I did not get any support from either side of the house; only two of us protested; and we are here again tonight under much the same circumstances. Despite our protests, we are told much the same thing—that the President of the company and his officers will be here tomorrow. That is all very well, but if I had my way I would telephone them not to come tomorrow. I move adjournment of the debate.

Hon. Mr. Aseltine: I am sorry that the honourable senator has made this motion, and I would like him to withdraw it. The bill was given first reading last Thursday; and there followed all the rest of that day, and Friday, Saturday, Monday, and Tuesday until this evening.

Hon. Mr. Croll: I want the honourable Leader of the Government (Hon. Mr. Aseltine) to understand that I have no objection to this bill. I have been a supporter of the Canadian National Railways and the principle of public ownership ever since I was in knee pants. What I am protesting against is being told that this bill must have second reading tonight. I am saying "Curfew shall not ring tonight". And that is my answer.

Hon. Mr. Aseltine: Will the honourable senator from Toronto-Spadina (Hon. Mr. Croll) withdraw his motion? I find myself in a very difficult position.

Hon. Mr. Macdonald: Perhaps the honourable senator who has made the motion to adjourn might reconsider it. I feel on this subject almost as strongly as he does. As I said in my opening remarks, I am amazed at the statement that the bill must be passed tomorrow, although the company, even if apparently out of money, has been operating the railway and everybody has been paid since the first of July. I cannot see any urgency whatsoever about this bill. But in view of the fact that the honourable Leader of the Government, I presume, takes the responsibility—

Hon. Mr. Aseltine: The witnesses wanted to come yesterday.

Hon. Mr. Macdonald: In view of the fact that the Leader of the Government has called these witnesses for tomorrow, and it might be personally embarrassing to him if they were not heard, and also as the honourable senator from Toronto-Spadina (Hon. Mr. Croll) is not opposed to the bill, perhaps he might consent to have it receive second reading tonight. Then, after having heard what the officials of the railways have to say tomorrow, he may be better informed on the bill when it comes back here for third reading; he may even find himself opposed to it. In any event he will then have obtained considerably more information than he has tonight.

Hon. Mr. Croll: Honourable senators, I repeat that I am not opposed to the bill; I am opposed to the method by which it is sought to expedite it. I do not want to embarrass the honourable Leader of the Government.

He has been co-operative and helpful; he has, as I stated, an understanding of the feelings of the house, and he is not guilty of some of the things which I have called to the attention of honourable senators. Under no circumstances would I embarrass him. On the other hand, I do not want to be in the position of one who is constantly crying "Wolf" and having no attention paid to my protests. I have, however, pointed out my position; I have made it very clear; and on the distinct understanding from the honourable leader that this sort of thing will not recur, I am prepared to withdraw my motion.

Hon. Wishart McL. Robertson: Will the honourable Leader of the Government (Hon. Mr. Aseltine) tell us when this bill was introduced in the other house? The reason I ask is that, like the honourable senator from Toronto-Spadina (Hon. Mr. Croll), I find it very difficult to understand the plea of urgency. Repeatedly, when legislation is placed before this house, we are told that it must be passed at once for this or that reason, yet we act in absolute violation of our rules in ignoring the requirement that, without the unanimous consent of the house, two days must elapse between first and second readings.

Hon. Mr. Aseltine: The rule has been dispensed with.

Hon. Mr. Robertson: Unanimous consent is not even asked.

Hon. Mr. Macdonald: The bill had first reading last Thursday.

Hon. Mr. Robertson: What I want to have explained is why, if the C.N.R. ran out of money at the end of June, legislation to provide further funds was not introduced in the House of Commons until August.

Hon. Mr. Aseltine: The first reading was on August 6.

Hon. Mr. Robertson: Why was the bill not introduced earlier?

Hon. Mr. Aseltine: It was given first reading here last Thursday, five days ago, so there has been plenty of notice of second reading.

Hon. Mr. Robertson: I fully agree with the honourable senator from Toronto-Spadina. This house has not been treated with courtesy by the Government of the day, and I respectfully regret to have to say that the honourable Leader of the Government in this house has trifled with our good nature and our patience. All this was started by the honourable senior senator from Winnipeg (Hon. Mr. Haig) who preceded him.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Haig, bill referred to Standing Committee on Transport and Communications.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 486)

REPORT OF STANDING COMMITTEE ON FINANCE

THURSDAY, August 7, 1958.

The Standing Committee on Finance, to whom was referred the Report of Central Mortgage and Housing Corporation for the fiscal year ended December 31, 1957, reports as follows:—

On May 20, 1958, the following order of reference was adopted by the Senate:

> "That the Report of Central Mortgage and Housing Corporation for the fiscal year ended 31st December, 1957, be referred to the Standing Committee on Finance for consideration and report."

Subsequently the Committee held eight meetings and heard evidence from the President of Central Mortgage and Housing Corporation, Mr. Stewart Bates, and other bodies interested in the building of houses. The evidence adduced was sufficient, in the opinion of your Committee, to justify the early adoption of the recommendation set forth herein.

1. Central Mortgage and Housing Corporation

A study of the evidence given by the President of Central Mortgage and Housing Corporation and after witnesses shows that the position of the Corporation is one of major importance to the economy of this country. Your Committee feels that the creation of conditions which will encourage a vigorous house-building program is one of the prime duties of Central Mortgage and Housing Corporation. At the present time, this duty is, in the opinion of the Committee, being fully discharged.

It is evident that attention is being paid by the Corporation to the requirements of efficiency and economy in the use of public funds. Your Committee feels that the reduction in staff, without loss of efficiency or service, and its consequent saving in money is singularly praiseworthy.

As the interpreter and administrator of the Federal Government's housing policy, under the National Housing Act, Central Mortgage and Housing Corporation is, in the opinion of your Committee, diligently discharging these duties.

The Annual Report for the year ended December 31, 1957, which has been under study by your Committee, is a full and frank statement of the housing activities carried out during the year 1957.

Exhibit 1 shows the various reserves available for Mortgage Insurance, Home Improvement Loan Insurance and Rental Guarantees. From the evidence given on this subject, there appears to be some doubt as to whether the reserve fund for mortgage insurance is adequate or excessive. The Committee feels that a closer study of this fund is warranted. At the same time, it is the opinion of this Committee that an adequate margin of safety must be accumulated before any reduction in the mortgage insurance fee is contemplated.

Your Committee therefore recommends that an actuarial study be made of the Mortgage Insurance Fund, with a view to ascertaining the point at which a reduction in the mortgage insurance fee might be warranted.

2. Mortgage Insurance on Existing Residential Real Estate

Throughout the proceedings, frequent mention was made of the desirability of providing home ownership facilities for people of low income (See Exhibit 2). One method by which this could be partially achieved would be to extend the facilities of the National Housing Act to modest existing houses.

Such an extension does not appear to be appropriate at the present time. The Committee feels that Central Mortgage and Housing Corporation should keep this subject under constant study with a view to advising the Federal Government of a suitable time for such an amendment. It is suggested that if and when the time for such an amendment arrives the facilities be limited to home owner loans and that a modest loan limit be applied.

3. Loans for University Students' Dormitories

The Committee listened to evidence presented by the National Conference of Canadian Universities of the growing need for providing accommodation to resident students.

At the present time, the Federal Government is facing increasing demands for financial assistance for various housing purposes. The Committee is of the opinion that housing people, particularly those of low income, deserves the utmost priority. To this end, the largest percentage of available mortgage resources, both federal and private, are presently required. The provision of hostel accommodation for universities is both desirable and necessary. At the present time, however, the federal funds available under the National Housing Act are fully required for housing purposes.

While sympathizing with the University authorities in this problem, your Committee does not feel that a recommendation for an amendment to the National Housing Act permitting the use of federal funds for financing such accommodation is merited at the present time.

However, as the evidence given to the Committee was to the effect that there is now no source for borrowing money for the construction of university residences, in the further study of this subject consideration might well be given by Central Mortgage and Housing Corporation in conjunction with the educational institutions and the provincial departments concerned, to a suggestion that loans on such residences by approved lending institutions be qualified, subject to reasonable conditions, for insurance under that part of the National Housing Act providing for insurance of loans.

4. Financing of Municipal Services

Your Committee heard evidence with respect to this matter but is not prepared to make any recommendation on the subject.

5. Low-cost Housing

The Committee feels that a proper definition of the terms "low-cost housing" and "low income groups" is appropriate at this time. It is recommended that the following definitions be adopted:—

Low-cost Housing

Any single family dwelling, the cost of which, including structure, land, services or septic tank and well, does not exceed a total cost of $9,000. Such a house must conform to the minimum housing standards for National Housing Act construction (See Exhibits 3 and 4)

Low-income Groups

Any family, in any area, whose annual income falls in the lower third of the local income group.

(At the present time, the national average family income at the top of the lower third, amounts to $3,600 per annum.)

Your Committee considers that home ownership for this group of our population should be encouraged as much as possible. A greater provision of houses at a cost not exceeding $9,000 would provide homes for many people of modest income. An example of such a house follows hereunder:

Cost of house and land	$9,000
Down payment	900
NHA loan	8,100
Insurance fee	162
	8,262
Monthly repayments at 6% over 25 years	53.00
Assumed taxes	15.00
Total monthly payment ..	68.00

At a repayment ratio to income of 27 per cent a home owner earning $3,022 per annum could afford to acquire such a house.

The Committee heard, with interest, of the plans of Central Mortgage and Housing Corporation to prepare designs for modest dwellings in the remote and outlying areas. It is to be hoped that this work will be extended to encourage a better standard of construction in these areas.

Evidence has been heard on the need for providing low rental accommodation. The Committee feels that the present facilities offered under the National Housing Act are adequate and that amendment for the purpose of extending these facilities is not warranted at present.

The Committee hopes that the fullest possible resources of Central Mortgage and Housing Corporation will be directed toward encouraging the provision of low-cost homes, the expansion of low rental accommodation, and the raising of standards of construction in the remote areas.

6. Shortage of Mortgage Funds

From the evidence presented, it is apparent that the flow of mortgage funds during the last few years has been both insufficient and erratic. Concern has been expressed by various witnesses about the future supply of mortgage funds. It is evident that there is a need for a close study of the problem of increasing the supply of mortgage funds and stimulating the sale of insured mortgages.

Your Committee recommends, therefore, that an organization be set up under the leadership of Central Mortgage and Housing Corporation to carry out a close study of this problem. This body would contain representatives of the Bank of Canada, the Department of Finance, chartered banks, life companies and other approved lenders. Its terms of reference should be confined to two aspects:—

(a) Increasing and stabilizing the flow of mortgage funds.

(b) Stimulating the sale of insured mortgages and encouraging the resultant sale funds back into the mortgage market.

7. Private Lending in Remote Areas

Evidence was given which suggested that a reluctance exists on the part of many approved lenders to lend in the remote areas. It appears that, although these loans carry the same guarantee as insured loans in urban centres, the administrative costs and greater difficulty of resale do present greater problems to a lender than loans in the urban centres.

While direct loans by Central Mortgage and Housing Corporation are, of course, available in these areas, the Committee does not consider that the Corporation should provide facilities which can be equally well supplied by a private institution.

Your Committee recommends that Central Mortgage and Housing Corporation initiate conversations with representatives of the approved lenders, in an attempt to influence the lenders to extend greater lending opportunities to the remote areas than exist at present.

8. Urban Development

The Committee was impressed by the evidence given of the growing need for slum clearance in many of our cities. Greater use of the facilities available under the National Housing Act will have to be made during the next ten years if this problem is to be dealt with.

From the evidence presented, it appears that municipalities are not taking adequate advantage of the opportunities for financial assistance in redeveloping the substandard areas of our cities.

It is to be hoped that possibly Central Mortgage and Housing Corporation, in co-operation with the Federation of Mayors and Municipalities, will provide more detailed information on the facilities available under the National Housing Act directly to municipal officials.

9. Co-operative Housing

Evidence was given of the success of co-operative housing projects in many parts of the country. Inasmuch as this has provided economical and worthwhile housing, your Committee feels that efforts by co-operative groups to build their own houses should be encouraged as much as possible.

It is suggested that much wider publicity be given to the opportunities for co-operative housing under the National Housing Act. The Committee feels that the method of disseminating this information should be left to the discretion of Central Mortgage and Housing Corporation.

10. Research into New Methods of Construction

Evidence was given of the initiation of research projects by the Corporation (*See Exhibit 5*). It is felt that this is to be highly commended. Your Committee would like to express the hope that the utmost priority be given to further research work into finding new methods of construction which will reduce the cost of housing, new methods of sewage disposal, and new materials suitable for construction in the northern areas.

It is hoped that the resources of private industry will, at all times, be sought and that the present close co-operation which exists between Central Mortgage and Housing Corporation and the Division of Building Research, National Research Council, will continue.

Conclusion

The Committee has been impressed by the calibre of the witnesses heard and the quality of the evidence given. In such a complex field as that of housing the present and future population of the country, it is inevitable that differences of opinion exist on the best means of solving the problem.

Nevertheless, your Committee feels that the various organizations engaged in housing activities are to be commended for their effort and enterprise. In Central Mortgage and Housing Corporation, the Committee is of the opinion that the Federal Government has a housing agency of the highest quality. It is gratifying to note that the private interests with whom the Corporation co-operates in housing, building and financial matters hold the organization in the highest esteem. Your Committee expresses the hope that this close liaison and co-operation will continue to flourish in achieving the common aim of improving housing conditions in Canada.

All which is respectfully submitted.

C. G. HAWKINS,
Chairman.

EXHIBIT 1.

RESERVES FOR MORTGAGE INSURANCE, HOME IMPROVEMENT LOAN INSURANCE AND RENTAL GUARANTEES FOR THE YEAR ENDED DECEMBER 31, 1957.

	Reserve for Mortgage Insurance			Reserve for Home Improvement Loan Insurance			Reserve for Rental Guarantees			Totals
	Total to December 31 1956	Year 1957	Total to December 31 1957	Total to December 31 1956	Year 1957	Total to December 31 1957	Total to December 31 1956	Year 1957	Total to December 31 1957	December 31 1957
	$	$	$	$	$	$	$	$	$	$
Fees and premiums received	21,466,846	7,278,911	28,745,757	565,219	306,032	871,251	2,041,026	370,368	2,411,394	32,028,402
Net income from securities	678,982	935,303	1,614,285	15,829	26,432	42,261	152,023	52,886	204,909	1,861,455
Interest earned on mortgages		1,049	1,049							1,049
Recoveries on claims paid				285	1,443	1,728				1,728
Real Estate acquired on claims paid		38,185	38,185							38,185
Profit on sales of real estate		3,792	3,792							3,792
	22,145,828	8,257,240	30,403,068	581,333	333,907	915,240	2,193,049	423,254	2,616,303	33,934,611
Deduct										
Claims paid and legal expenses		38,185	38,185	11,536	40,787	52,323	481,263	131,063	612,326	702,834
Loss on sale of securities							1,900		1,900	1,900
		38,185	38,185	11,536	40,787	52,323	483,163	131,063	614,226	704,734
	22,145,828	8,219,055	30,364,883	569,797	293,120	862,917	1,709,886	292,191	2,002,077	33,229,877

Mortgage insurance in force	$1,425,000,000
Amount insured in respect of Home Improvement loans	$ 4,306,000
Current year's rentals covered by Rental Guarantee contracts	$ 15,250,000

EXHIBIT 2.

CHARACTERISTICS OF LOANS AND BORROWERS UNDER THE NATIONAL HOUSING ACTS.

Range of Borrower's Income $	PER CENT OF BORROWERS						
	1954	1955	1956	1957		1958	
						1st Quarter	
				Non-agency	Agency	Non-agency	Agency
Under 3,000	0.9	1.0	0.4	0.1	0.1	0.2	0.3
3,000 to 3,999	20.6	22.5	15.4	6.0	11.3	5.7	15.4
4,000 to 4,999	37.9	36.4	35.2	29.1	46.3	26.6	43.7
5,000 to 5,999	20.1	20.3	24.0	27.7	25.8	27.3	23.1
6,000 to 6,999	10.1	9.6	11.8	16.9	9.5	18.3	9.8
7,000 to 7,999	4.6	4.3	5.9	8.7	3.9	9.5	3.4
8,000 to 8,999	2.4	2.2	2.8	4.6	1.3	5.0	1.7
9,000 to 9,999	1.1	1.1	1.4	2.2	0.5	2.3	0.8
10,000 and over	2.3	2.6	3.0	4.7	1.3	5.1	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of Borrowers	26,982	47,728	47,593	29,997	2,269	3,890	3,498
	$	$	$	$	$	$	$
Average Applicant's Income	4,962	5,023	5,312	5,857	5,026	5,962	5,036
Average Family Income	5,382	5,442	5,784	6,356	5,595	6,313	5,700
Average Down Payment(4)	3,084	2,773	3,217	3,929	2,461	3,694	2,263
Average Amount of Loan(5)	9,344	10,022	10,352	10,960	10,108	11,630	10,799
Average Cost of Dwellings(6)	12,335	12,598	13,366	14,674	12,370	15,096	12,850
Average Debt Service to Income Ratio	18.2	18.6	18.3	18.5	19.7	19.4	20.9

(1) Institutional loans only.

Source: CMHC.

(2) Includes agency loans.

(3) Income of head of family only. The income of dependents is not included.

(4) Based on the difference between average estimated costs or for builders' sales, prices and average loan amounts. Appropriate allowance is made for the mortgage insurance fee.

(5) From 1954 onwards the loan amount includes the mortgage insurance fee.

(6) For owner applicants the average costs are those estimated by the borrower, while for purchasers the actual sale prices are used. The mortgage insurance fee is included.

EXHIBIT 3.

PRICES OF HOUSES FINANCED UNDER THE NATIONAL HOUSING ACTS.

(Per Cent)

Source: CMHC.

Price Range $	1954	1955	1956	1957		1st Quarter, 1958	
				Non-agency	Agency	Non-agency	Agency
Under 7,000	0.1	‡	‡	—	—	—	—
7,000– 7,999	0.3	0.1	‡	‡	—	—	—
8,000– 8,999	2.3	2.4	0.9	0.1	0.2	—	0.2
9,000– 9,999	7.9	8.4	4.4	1.6	4.2	0.4	1.9
10,000–10,999	18.6	18.7	10.4	3.9	14.8	2.7	10.8
11,000–11,999	16.6	16.5	16.2	9.4	20.7	4.2	18.3
12,000–12,999	21.0	15.2	16.3	13.8	29.6	12.4	27.7
13,000–13,999	13.1	13.3	14.1	14.0	12.9	13.4	17.2
14,000–14,999	7.8	9.9	11.7	15.1	10.8	15.2	13.5
15,000–15,999	4.7	5.7	8.9	12.4	4.7	16.9	7.1
16,000 and over	7.6	9.8	17.1	29.7	2.1	34.8	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of Dwelling Units	26,984	47,728	47,593	29,997	2,269	5,964	9,425

EXHIBIT 4. SIZES OF HOUSES FINANCED UNDER THE NATIONAL HOUSING ACTS. *Source:* CMHC

Floor Area (Sq. Ft.)	1954	1955	1956	1957		1st Quarter, 1958	
				Non-agency	Agency	Non-agency	Agency
Under 1,000	27.1	28.9	19.2	12.0	22.5	7.2	21.5
1,000–1,099	26.9	26.9	29.4	27.6	63.6	24.1	62.8
1,100–1,199	23.5	20.9	22.5	26.0	3.7	30.2	8.3
1,200–1,299	12.2	11.8	14.7	17.1	7.2	19.2	5.1
1,300–1,399	5.5	5.9	6.9	8.0	2.3	10.7	1.7
1,400 and over	4.8	5.6	7.3	9.3	0.7	8.6	0.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of Dwelling Units	39,305	57,119	37,513	26,512	11,352	3,459	6,819

EXHIBIT 5

Description of How an Individual Household Sewage Disposal Unit Might Work and Description of the Experimental Foamed Plastic Hut

DESCRIPTION OF HOW AN INDIVIDUAL HOUSEHOLD SEWAGE DISPOSAL UNIT MIGHT WORK

The best known individual sewage disposal unit is the septic tank and disposal tile bed. This method has been in use for over 100 years with little improvement and sometimes does not function well in congested areas.

In the septic tank the solids are reduced by settling out and digestion by bacteria called anerobes. The residue in the tank is called digested sludge. To purify this septic sludge requires the action of another bacteria called aerobes. These require large quantities of oxygen which is provided by allowing the sludge to flow through a tile bed set not too deeply in the soil so as to permit the penetration of oxygen. This action will purify the sludge quite well.

There is a unit available which uses these same principles but does much of the operation by mechanical means. The waste is flushed through a grinder which reduces the solids much as the septic tank does and the waste is then deposited into a tank containing water. Air is bubbled through this water continuously to provide oxygen for the aerobes which then purify the effluent. This process is called "activated sludge" and has been used for years in mass disposal sewage plants.

Such a unit is now available but it seems to have many limitations when used as a closed circuit re-using the same water again and again. Central Mortgage and Housing Corporation has financed a project to study this action and encourage improvements to make it operate satisfactorily.

This description of a possible individual household sewage disposal unit is based on the use of bacteria. There may be other methods and C.M.H.C. is trying to encourage additional work towards the elimination of mass sewage disposal pipes and plants.

One of the first things C.M.H.C. did when it was decided to study this problem was to have a literature search made. This search disclosed that very little research was or is being done on this subject.

The literature was checked carefully and letters were written to every major country in the world. It appears that the only country in which any work of this kind was done is the United States of America. Other countries appear to have discouraged such work because of high population densities and fear of pollution of the soils and waters. In the U.S.A., however, two units are now on the market. Both of these operate on the activated sludge or aerobic principle.

DESCRIPTION OF THE EXPERIMENTAL FOAMED PLASTIC HUT

In the attempt to find some revolutionary approach to new construction methods Central Mortgage and Housing Corporation together with the Division of Building Research encouraged the development of a foamed plastic hut. The floor, walls and roof of this consist of various types of foamed cores with different type skins. The floor also includes water pipes and electrical conduit built-in in such a way that the jointing of the panels automatically connects the pipes. The objective is to develop materials which will provide structural strength, insulation, water resistance, rigidity and appearance, and the services, in one and which can be assembled on-site with a minimum of field labour.

A second hut is planned to be built of a material which may ultimately permit foaming in place.

If these are successful it is hoped to encourage further development along these lines.

If successfully developed such a method of construction would be particularly useful for northern construction. If the experiment is successful, it is possible to envisage two cans of liquid shipped to a site and then foamed in light weight molds up to 20 or 30 times its volume. Transport by air would be eased very much. Further, unskilled on-site labour could erect such houses easily.

THE SENATE

Wednesday, August 13, 1958

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

Prayers.

PRESS GALLERY ATTENDANCE

Hon. W. Ross Macdonald: Honourable senators, on a question of privilege, may I observe that there are in the Press Gallery more representatives than I have seen before in my time in this house. Has the honourable Leader of the Government some important announcement to make?

Hon. Mr. Aseltine: I have no announcement to make.

Hon. Mr. Haig: As long as you don't accuse me of it, I don't care.

Hon. Mr. Macdonald: I was just curious.

PRIVATE BILL

WESTCOAST TRANSMISSION COMPANY LIMITED—REPORT OF COMMITTEE

Hon. Hartland de M. Molson, Acting Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill S-16.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-16) intituled: "An Act respecting Westcoast Transmission Company Limited", have in obedience to the order of reference of August 7, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Haig: Honourable senators, with leave I move that the bill be read the third time now.

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

PRIVATE BILLS

EXTENSION OF TIME FOR FILING PETITIONS

Hon. Charles L. Bishop, Chairman of the Standing Committee on Standing Orders, presented the committee's second report.

The report was read by the Clerk Assistant as follows:

Your committee recommend that the time limited for filing petitions for private bills (other than petitions for bills of divorce), which expired on Monday, June 23, 1958, be extended to Thursday, August 14, 1958.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Bishop: With leave, I move that the report be adopted now.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT TO COMMITTEE

Hon. Mr. Molson presented the report of the Standing Committee on Transport and Communications on Bill C-47.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill (C-47) intituled: "An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1958, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company", have in obedience to the order of reference of August 12, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Aseltine: I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

AUTHORITY TO PRINT PROCEEDINGS

Hon. Mr. Molson presented a further report of the Standing Committee on Transport and Communications on Bill C-47.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (C-47) intituled: "An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1958, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company", report as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Molson: With leave of the Senate, I move that the report be adopted now.

Motion agreed to.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
Ottawa

August 13, 1958

Sir,

I have the honour to inform you that the Honourable Mr. Justice J. H. G. Fauteux, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 13th August, at 5.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,

P. S. Burt,
for
J. F. Delaute,
Secretary to the Governor General
(Administrative)

The Honourable
The Speaker of the Senate,
Ottawa.

DESTRUCTION OF DOCUMENTS

INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

1. Referring to Appendix "B" of the Senate *Hansard* of June 24 ult., who were the representatives named by the Ministers of National Defence, the Ministers of Labour, the Ministers of Public Works, the Ministers of Trade and Commerce, the Secretaries of State for External Affairs, the Ministers of Finance and the Canadian Historical Association?

2. How much was paid to each one?

3. Did the following departments: the Prime Ministers' office, Veterans Affairs, Transport, the Solicitor General of Canada, Justice, National Revenue, Agriculture, Citizenship and Immigration, Fisheries, Post Office, Mines and Technical Surveys, National Health and Welfare, Northern Affairs and National Resources, and Defence Production have any representatives on the Public Records Committee since 1945?

4. If so, who were they? If not, who were the acting representatives for the said departments?

5. Since September 20, 1945, what quantity of official documents from each department has been incinerated or sold to the junk man?

Hon. W. M. Aseltine: I have the following answer to the honourable gentleman's inquiry:

1. National Defence, Lt.-Col. E. W. Cutbill (Army); Mr. R. A. Stead (Navy); W/C F. H. Hitchins (Air Force); Mr. J. Cardillo (Department).

Labour, Mr. P. R. Parent.

Public Works, Mr. Robert Fortier.

Trade and Commerce, Mr. L. J. Rodger.

Secretary of State for External Affairs, Mr. G. de T. Glazebrook.

Finance, Mr. E. O. Landry.

Canadian Historical Association, Professor George Buxton (University of Ottawa); Professor D. M. L. Farr (Carleton University).

2. Nil, except travelling expenses where representatives of the Canadian Historical Association live out of Ottawa.

3. No.

4. As set out in the Order in Council the normal practice is to have a representative of a department attend on an ad hoc basis when matters concerning that department are under discussion.

5. No information.

FURTHER INQUIRY AND ANSWER

Hon. Mr. Pouliot inquired of the Government, pursuant to notice:

Referring to Appendix "B" of the Senate *Hansard* of June 24 ult.,—For a copy of the recommendation of the Secretary of State and of Order in Council P.C. 6175 of September 20, 1945, to establish the Public Records Committee and of all orders in council for the appointment of the representatives of various departments and of the Canadian Historical Society representatives to the said committee.

Hon. Mr. Aseltine: I have the following answer to the honourable gentleman's inquiry.

Order in Council P.C. 6175 of September 20, 1945, is the only order in council relating to the membership of the Public Records Committee. The ministers and the Canadian Historical Association name representatives under the authority of the above order. No orders of appointment are considered necessary.

The committee does not make regular reports. Minutes are kept of meetings and decisions communicated to departments and agencies by letter or printed form.

Order in Council establishing the Committee on Public Records

P.C. 6175

at the Government House at Ottawa
Thursday, the 20th day of September, 1945.

Present:

His Excellency
The Governor General in Council:

Whereas the Secretary of State reports that, at the request of the Prime Minister he has convened an informal Advisory Committee on Public Records to give consideration to methods for providing adequate conservation of the public records, with particular reference to those records relating to the wartime activities of the government; and

That, following investigation of the state of the public records, a report has been prepared and considered by the Committee and certain recommendations resulting therefrom approved;

Now, Therefore, His Excellency the Governor General in Council, on the recommendation of the Secretary of State, is pleased to order and doth hereby order as follows:—

1. There shall be a Committee on Public Records under the chairmanship of the Secretary of State and consisting of the following officials:—

A representative to be named by the Secretary of State (Public Archives).

Two representatives to be named by the Minister of National Defence (Army and Naval Services).

A representative to be named by the Minister of National Defence-Air.

A representative to be named by the Minister of Public Works.

A representative to be named by the Minister of Finance.

A representative to be named by the Minister of Munitions and Supply and the Minister of Reconstruction.

A representative to be named by the Minister of Labour.

A representative to be named by the Secretary of State for External Affairs.

A Secretary shall be provided from the Privy Council Office.

2. The Canadian Historical Association shall be asked to recommend two professional historians to act in an advisory capacity to the Committee to serve at no salary but with expenses to be provided by the Government.

3. The duties of the Committee shall be to keep under constant review the state of the public records and to consider, advise and concert with departments and agencies of government on the organization, care, housing, and destruction of public records.

4. The Committee shall, as part of their duties, examine and report on the following:

(a) The preparation by departments and agencies of Government of suitable accounts of their wartime activities and,

(b) The implementing of the approved recommendations of the Royal Commission on Public Records of 1914 regarding establishment of a public records office, with particular reference to the integration of the Public Archives therein, and the type of organization which would facilitate the best use of the public records.

5. When questions specifically affecting the records of a department are being dealt with, a representative from that department shall be present at the meeting.

6. The primary responsibility for the care and maintenance of records and for seeing that the policies of government in respect to disposition of public records are carried out so as to ensure that material of permanent value be not unwittingly destroyed will rest with departments and agencies of government concerned.

7. Each department shall assign responsibility for superintendence of its records to one or more senior officers, preferably the departmental secretary if such a position exists, or an official of similar rank. The duties of these officers will be to review periodically the state of the departmental records and to reclassify them with a view to disposal or transfer of those of permanent value but not currently required to the Public Archives (or Public Records Office, if established) or to other dominion or provincial departments, or by some form of destruction under existing regulations. These officers will also maintain liaison with agencies responsible to the Minister. Recommendations respecting contemplated disposal along the above lines shall be submitted, in all cases, for normal approval of the Committee on Public Records.

A. D. P. Heeney,
Clerk of the Privy Council.

ADDRESS BY DR. W. KAYE LAMB

INQUIRY AND ANSWER

Hon. Mr. Pouliot inquired of the Government, pursuant to notice:

For a copy of the text of the address delivered by Dr. W. Kaye Lamb, Dominion Archivist and National Librarian and Vice-Chairman, *ex officio* of the Public Records Committee for the destruction of official documents, in which he was reported to have said at a meeting of the Canadian Historical Society, held at Edmonton on or about June 7 ult., that existing biographies of Canadians could be counted on the fingers of one hand.

Hon. Mr. Aseltine: I have the following answer to the honourable gentleman's inquiry:

No information.

EDUCATION—FEDERAL GRANTS

INQUIRY AND ANSWER

Hon. William M. Wall inquired of the Government, pursuant to notice:

1. What has been the total contribution of the federal Government to all forms of education in Canada during the preceding fiscal year ending March 31, 1958? It is requested that these expenditures be listed under the following headings:

—University grants, on a *per capita* basis
—Veterans Assistance, University
—Veterans Assistance, Vocational
—Atomic Energy Research Grants
—National Research Council
  (a) Research grants
  (b) Scholarships, bursaries, assistantships
—Fisheries—Extension work on Cooperatives
—Labour Department—Vocational training
—Health and Welfare Department
  (a) Health facilities—Training grants
  (b) Schools of Social Work
—Education of Indians and Eskimos
  (a) Indians
  (b) Eskimos
—Contributions to education by other Crown corporations
  (a) Central Mortgage and Housing
  (b) Others
—Additional contributions to education by federal Government departments not listed above.

2. What are the estimated total contributions of the Federal Government to all forms of education in Canada for the fiscal year ending March 31, 1959, under categories given in question 1?

Hon. W. M. Aseltine: I have the following answer to the honourable gentleman's inquiry:

	1 Expenditure 1957–58		2 Estimated expenditure 1958–59
University grants	$ 16,558,000		$ 17,100,000
Veterans assistance, university	300,634		494,600
Veterans assistance, vocational	97,016		108,500
Atomic Energy Research grants (Control Board)	400,000		400,000
National Research Council			
(a) Research grants $2,149,186		4,183,750	
(b) Scholarships, bursaries, assistantships 855,167	3,004,353	1,105,450	5,289,200
Fisheries—Extension work on Co-operatives	89,970		90,000
Labour Department—Vocational training	4,226,003		7,459,900
Health and Welfare Department			
(a) Health facilities—Training grants	565,708		543,300
(b) Schools of Social Work	Nil		Nil
Education of Indians and Eskimos			
(a) Indians	19,298,396*		25,010,631*
(b) Eskimos	1,909,164		4,468,189
Contributions to education by other Crown corporations			
(a) (i) Central Mortgage & Housing	45,000		45,400
(ii) Atomic Energy of Canada Limited	34,111		41,838
(b) Other	not available		
Additional contributions to education by federal Government Departments not listed above			
(a) Fisheries Research Board scholarships and grants	24,625		25,000
(b) External Affairs: fellowship and scholarship overseas	112,529		42,700
(c) Labour; Frontier College	8,000		8,000
(d) Mines and Technical Surveys			
(i) Grants in aid of Geological research	40,000		50,000
(ii) Grants to University of British Columbia in aid of research in foreign geography	Nil		3,500
(e) National Health & Welfare, development of training facilities, bursaries and refresher courses	2,092,200		2,189,000
(f) National Research Council			
Special activities	200,534		224,300
Travel assistance	38,017		43,000
(g) Transport			
(i) Grants to schools of navigation and seamanship	12,758		10,720
(ii) Contribution toward operation of marine engineering schools in preparation of candidates for certification as marine engineers	595		15,500

* These amounts include the expenditure of $1,842,043 and the estimated expenditure of $3,010,631 by the Department of Northern Affairs and National Resources on Indians in the N.W.T.

SIMULTANEOUS TRANSLATION SYSTEM

INQUIRY

Hon. David A. Croll: I wish to direct a question to the honourable Leader of the Government (Hon. Mr. Aseltine). I wonder if arrangements are being made for a simultaneous translation system in this chamber in order to give effect to the two official languages here?

Hon. Mr. Aseltine: The answer would be that I know of no such arrangements that are in contemplation at the present moment. I think it would be advisable for us to wait and see how the system works in the other chamber before we go to any expense of that nature, but I will make inquiries.

Hon. Mr. Macdonald: Honourable senators, I recall that at a meeting of the Internal Economy Committee this year the matter was discussed, and it was decided that if the other house did establish such a system we would see how it worked first before taking any action. I think we took official notice of the matter in that way.

Hon. Mr. Brunt: That is correct. We want to make sure that they really get the system in good working order in the other place before we give consideration to it here. When the system is installed in this chamber, we would like to have it perfect.

Hon. Mr. Wall: Is the problem not one of principle rather than of technicality?

INTERNATIONAL TRADE

NOTICE OF MOTION STANDS

On the notice of motion by Hon. Mr. Robertson:

That in the opinion of the Senate, Canada should enter into immediate negotiations to associate herself with her NATO partners and other countries of good will in the imaginative and constructive effort, presently in contemplation, to develop the economic welfare of the Western world.

Hon. Mr. Robertson: Honourable senators, in view of the amount of legislation on the Order Paper, may I ask that my notice stand until Tuesday next?

The Hon. the Speaker: The notice stands.

CANADA-UNITED STATES RELATIONS

PROPOSED JOINT PARLIAMENTARY-CONGRESSIONAL COMMITTEES

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, before we proceed with the Orders of the Day I should like to call the attention of the house to a matter in which I am sure all honourable senators will be interested. It will be recalled that on July 9 last this house passed a resolution, proposed by the honourable senator from Shelburne (Hon. Mr. Robertson), as follows:

> That the Senate of Canada welcomes the recent suggestion of the Prime Minister of Canada for the establishment of joint parliamentary committees between Canada and the United States of America, believes that it can be of great benefit in improving relations between the two countries, and offers our wholehearted co-operation.

Eight days later, on July 17, a motion was proposed in the United States Senate by Senator Neuberger, reading as follows:

> This resolution shall become effective, and a joint committee established, upon receipt by the President of the Senate and Speaker of the House of Representatives of notification that a committee with similar functions and terms of reference has been established by the Canadian Parliament.

I am sure all honourable senators were pleased to learn yesterday that the Government of Canada proposed to recommend the setting up of a committee in Canada as suggested by the motion of the honourable senator from Shelburne (Hon. Mr. Robertson). I understand that the Prime Minister has referred the whole matter to the Speakers of both houses, and I am interested in the representation from the Senate. A number of honourable senators have had considerable experience on international committees and could render excellent service in connection with this committee. I think that even before the matter comes to the attention of His Honour the Speaker the Leader of the Government (Hon. Mr. Aseltine) should discuss this matter further with the Prime Minister to make sure that the Senate has adequate representation. I have merely glanced at the *Congressional Record* and I notice it was proposed in the motion by United States Senator Neuberger that the committee be quite a large one, representative of both houses of Congress.

I repeat my suggestion that the Leader of the Government take this matter up immediately with the Prime Minister to make sure that the Senate is given adequate representation.

Hon. Mr. Aseltine: I agree with the remarks made by the honourable Leader of the Opposition (Hon. Mr. Macdonald) and I will follow up the matter as suggested by him. I was very much interested in the motion of the honourable senator from Shelburne (Hon. Mr. Robertson) and I took part in the debate upon it. I have not yet had time to read what was said in the House of Commons. I will certainly do my best to see that the Senate is properly represented on any body that is set up for this purpose.

The Hon. the Speaker: Honourable senators, if I may say something on this: I was given to understand today that four members would be appointed from the House of Representatives at Washington and four from the United States Senate. It might be proposed that, similarly, the Canadian Government appoint four members from the House of Commons and four from the Senate. I do not know if the body is to be bipartisan, but I imagine it will be.

Hon. Mr. Macdonald: I do not want to discuss the matter further, but in reading the *Congressional Record* report of the debate on the motion by Senator Neuberger I gathered his suggestion was that in addition to the four members referred to by His Honour the Speaker, who would be the permanent members of the committee, there should be another six members from each house, appointed from time to time.

REPRESENTATION AT UNITED NATIONS

Hon. Mr. Macdonald: Honourable senators, I would also like to point out to the Leader of the Government that, so far as I am aware, there has not been more than one, if indeed there has been one, delegate appointed from the present Parliament to the Assembly of the United Nations. If my memory serves me correctly, in the past it has been the custom to have a number of alternate delegates, and at least one of these delegates has been a senator. I think that practice should be continued and that we should have a delegate from the Senate at the United Nations at this very important time. May I also remind the house, and especially the honourable Leader of the Government, that it has been customary to have official observers from both houses at the meetings of the Assembly. I do not think observers from either house are there at the present time. Therefore, my second suggestion to the honourable leader

today is that he should take up this matter also with the Prime Minister in the hope that the Senate will be represented at the United Nations by a delegate and by observers.

INTERNATIONAL AFFAIRS

PRESS REPORT ON CANADA'S ATTITUDE

On the Orders of the Day:

Hon. Vincent Dupuis: Honourable senators, before the Orders of the Day are proceeded with I would like to call the attention of this house to an article published in the *Daily Telegraph* of London, England, concerning the attitude of this country toward international affairs. This newspaper's correspondent is Mr. Eric Downton who, I am told, is a member of the Press Gallery here. I was unable to obtain the issue of the English paper in which the article appeared, but I have a copy of *Le Devoir* of Montreal, which carried a translation of it. I don't intend to go into this matter fully now because I have not the original text of the article, although I believe that the translation is quite accurate.

This correspondent says that in the course of the last few weeks the mind of the Canadian nation has changed altogether, to the point of discovering that "we could very well become the Belgium of the Third World War". He proceeds to say that Canada is seldom isolationist, except in Quebec—meaning that the Canadians of French origin in Quebec have always been isolationists. He said that Canadians have been isolationists to the point of feeling a kind of egoistic complacency and of detachment toward international affairs.

To find out the real meaning of the word "isolationist" I took the trouble of going to the Parliamentary Library, where I consulted the *Britannica World Language Dictionary*. According to that dictionary isolationist means "one who advocates national self-sufficiency and freedom from foreign political and economic alliances".

Well, I am sure that this gentleman's views do not represent the British Government's opinion about our country at all, because the British Government knows better. It knows that we never have been isolationists, that indeed the fact was very much to the contrary during the last war and the previous World War, when this country did its duty to the full. I am sure that the British Government and in general the people of the British Isles were very grateful for our unlimited contribution to the cause of our allies in those wars. I would like to ask the correspondent through the honourable Leader of the Government (Hon. Mr. Aseltine), why he describes us in this country as isolationists. Is it because the former Prime Minister of Canada, the Right Honourable Mr. St. Laurent, advocated the organization of NATO to show the other part of the world which had not our philosophy of life that we were able to prepare a policy for the maintenance of peace? Is it because we in this Parliament have voted unanimously, every year since the end of the last world war, billions of dollars for our national defence as well as for aid to other countries? Is it because the then Minister of External Affairs, Lester B. Pearson, owing to his wisdom and his great experience, prevented a Third World War over the Suez mishap?

I will not say much more at present about the attitude of Quebec in answer to this writer. Yet, I would like to ask him why he considers that as a people we had an exceptional attitude toward the last World War. Is it because our men enlisted freely, without having guns held at their backs? Is that why we are called isolationists all the time? May I point out that in my own family eleven nephews went to the war, and two of them paid the supreme sacrifice. Are we in Quebec called isolationists because of all those Canadians of French origin who did their duty without being forced to do so? These are questions I would like to have answered by this newspaper correspondent.

Honourable senators, generally I do my best to keep my temper, but such things as these offend me deeply. I am sure this gentleman will see fit to correct his statements in accordance with the facts and that in future he will be more careful.

PENITENTIARY BILL

SECOND READING

Hon Léon Méthot moved the second reading of Bill C-21, to amend the Penitentiary Act.

He said: Honourable senators, the purpose of this bill is to remove the statutory provision which makes it automatic for the Commissioner and the Deputy Commissioners of penitentiaries to retire at the age of 65 years. The effect of the amendment would make it possible to extend the terms of office of these officers, if it is desired to do so.

According to the Act respecting Penitentiaries, Chapter 206, R.S.C. 1952, the Governor in Council may, by section 4, subsections 1 and 2, appoint a Commissioner and two Deputy Commissioners of penitentiaries.

Section 1 of the bill proposes that subsection (3) of section 4 of the Act be repealed. The subsection contains two conditions, namely, that these officers shall hold office during pleasure only, and that they must retire at the age of 65 years. At first

glance one would think these two conditions in the present law are being repealed. I hasten to say that the first condition, that of holding office during pleasure only, will remain, because after the enactment of the present bill these officers will be subject to section 24 of the Interpretation Act, R.S.C. 1952, Chapter 159, which reads:

> All officers now appointed or hereafter appointed by the Governor General, whether by commission or otherwise, shall remain in office during pleasure only, unless it is otherwise expressed in their commissions or appointments.

I am not officially informed by the Government of the reason for the proposed amendment, but I have reason to believe that the Government contemplates a reorganization of penitentiaries in accordance with the report of the Honourable Mr. Justice Fauteux, and that the Government would, if possible, like to keep the Commissioner in office after he attains the age of 65 years, which is in the very near future.

Evidently these officers benefit by the provisions respecting retirement age under the Public Service Superannuation Act, Statutes of 1952-53, Chapter 47. If they hold office after the age of 65, new regulations will have to be approved in accordance with this act. This is the reason why the proposed amendment will come into force on proclamation only, in order that the necessary amendment to the regulation can be made in the meantime.

Hon. Mr. Roebuck: May I ask a question?

Hon. Mr. Méthot: Yes.

Hon. Mr. Roebuck: Is there any provision in the bill against this job becoming a monopoly?

Hon. Mr. Méthot: May I be permitted to say that I am not entirely familiar with penitentiaries, but I do not think it has become a monopoly. I am under the impression that the Government would like the Commissioner to remain in office, for example, to attend meetings of the Attorneys General of the various provinces to discuss the question of certain reorganization regarding penitentiaries. The Commissioner is an experienced man and I believe this is the reason why it is desired to retain him in office beyond the age of 65 years.

Hon. Mr. Roebuck: Notwithstanding the provisions of free enterprise?

Hon. Mr. Méthot: The law as it stands now does not entitle him to remain in office after the age of 65.

Hon. Mr. Roebuck: May I ask a further question? Is there any candidate of the Conservative party looking for this job?

Hon. Mr. Méthot: Not that I know of.

Hon. Mr. Pearson: You never can tell.

Hon. Arthur W. Roebuck: Honourable senators, I would like very much to comment on this bill, notwithstanding the questions I have just asked. Apparently there is a distinction between the office of the Commissioner of Penitentiaries and that of the auditors of the Canadian National Railways; one is a monopoly, and I don't know what you would call the other one.

Hon. Mr. Lambert: An accident.

Hon. Mr. Roebuck: I am in favour of this bill for two reasons. I recall the occasion some years ago when we amended the Civil Service regulations to reduce the age of retirement from 70 to 65 years, with of course some qualifications for continuation under exceptional circumstances. I opposed that measure as strongly as I could, on the ground that we were dispensing with the services of our most experienced civil servants, and I am still of that opinion. For instance, I think it would ruin this house were we to have such a provision apply here. When I attain the age of 65 years I hope to be in a position to carry on after that time.

Hon. Mr. Macdonald: You have done very well up to now.

Hon. Mr. Aseltine: Keep up the good work.

Hon. Mr. Roebuck: Evidently I have not monopolized anything.

As I say, I opposed that measure as strongly as I could, and I had the support of some other honourable senators on that occasion. But the rule was passed, and I think that in the interim it has done great harm. I have noticed a tendency in modern times to consider the plight of the older members of our working force, and there is a little edging away from the objectionable rule that has been adopted in industry and in the Civil Service of throwing them out. One of the unkindest of actions is to take a man from an employment for which he has fitted himself, perhaps by long years of application, and to tell him, while he is still in perfect health, with a large experience behind him, and quite capable of carrying on that now and henceforth his time is of no value, his services are no longer required. The rule, I say, is a most unkind one; it is one which is not necessary and should, I think, be abolished or ameliorated in all instances, as well as in this.

Another reason why I strongly favour this bill is that we have appointed a very distinguished and capable head commissioner—I forget his exact title—

Hon. Mr. Aseltine: Major General Gibson.

Hon. Mr. Macdonald: Commissioner of Penitentiaries.

Hon. Mr. Roebuck: Thank you—as Commissioner of Penitentiaries. I recall that I spoke on the occasion of his appointment, referred to his experience and capabilities, and expressed the hope that he would fulfil to the utmost the expectations which so many of us had of him. I think he has done that. He has been a splendid civil servant, steady yet progressive in his attitude toward prison administration. I am glad to see that the Government is taking action to retain his services so long as he is capable of performing them, and to retain the services of his fellow commissioners. I commend the Government for its action.

Motion agreed to and bill read second time.

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

Hon. Mr. Méthot: With leave, I would move the third reading now.

Hon. Mr. Roebuck: Unless there is some reason amounting to necessity, let us follow the regular rules. I cannot see that anything is gained by giving two readings to this bill in one day.

Hon. Mr. Monette: A good reason might be its unqualified approval by the honourable senator.

Hon. Mr. Roebuck: Oh, no. My approval will stand, I suppose, until tomorrow. If it does not it will be because, during the interval, I have had reasons to change my mind. That is very unlikely, but I reserve to myself and the other members of this house the right to contemplate the bill during the next day and, perhaps, find some reason to change our minds. That is why we do not put bills through one-two-three, bang and away. There are occasions when it is necessary or desirable to hurry the passage of a bill, and in such cases I have no objection to that being done. For instance, now and again I have asked for leave to expedite the first, second and third readings of divorce bills, but there were sufficient reasons. This bill, however, can be passed tomorrow just as well as today, so I suggest that the rules in this connection be maintained.

Hon. Mr. Macdonald: The only reason for urgency that I can imagine is that General Gibson or one of these other gentlemen will reach his 65th birthday tomorrow.

Hon. Mr. Aseltine: General Gibson will not be 65 for some months. There is no urgency whatever in connection with this bill; it can stand for third reading tomorrow.

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

Hon. Mr. Méthot: Tomorrow.

INDIAN BILL

SECOND READING

Hon. James Gladstone moved the second reading of Bill C-24, to amend the Indian Act.

He said: Honourable senators, this amendment has a great deal of importance attached to it by myself personally and by many other treaty Indians in this country. Not only does it remove from the Indian Act certain clauses which are objectionable, but it is a reassurance to the Indians of Canada that their treaty rights are not being endangered.

During the weeks that I have listened to the debates here I have heard two languages spoken—English and French. To me, and to other native Canadians, these are foreign tongues. Therefore I should like to place in the official Debates a few words in the language of my own people, the Blackfoot Indians, as a recognition of the first Canadians.

Eekoh-kinay-tam-etakee-kunay-apee unohk-ohtayts-tseeh-pee mukiy-sitsip sukomoh-kee unok-see awk-aw-kee-tsee-maks. Nitowat-simoyee-nukohk-okomot-ayhpo-watomohsah-ow.

My words, translated into English, were these:

The Indians of Canada are very happy to know they have someone in Ottawa to represent them in the Government of Canada. I pray that I will be able to speak the right words for them.

As this is my first address to the honourable members of this august chamber, I will take the opportunity to bring before you some of the history and problems of the people I have the honour to represent.

It is a great honour to me personally to be chosen to speak for my people. It is also an honour to my own nation, the Bloods, Peigans and Blackfeet. In the few months since my appointment to the Senate I have visited many Indians, in Alberta, Saskatchewan, Manitoba, British Columbia and the Yukon, and everywhere I have been overwhelmed by the friendly feeling of the Indians who have received me. The great regard these people have for the Prime Minister for carrying out his pledge of appointing a member of their race to the Senate was said by some to be the biggest moment of their lives. Now they look forward to seeing some of the things which were promised to us by our great mother, Queen Victoria.

In this brief time, I cannot begin to tell you all about the history of my people. There

are more than 165,000 at the present time, speaking about 50 different languages. Some people think that if a man knows one Indian language he knows them all. But this is not true. For a Blackfoot to understand an Iroquois would be the same as an Eskimo understanding an Arab. Each of our languages is separate, and their grammars are often more complicated than English.

Besides speaking different languages, my people have different problems. Some signed treaties with the French or English, those on the Prairies signed with the Canadian Government, and some have no treaties at all. In each case they were given different promises or were governed under different rules before the Indian Act came into being.

Now, in this modern world, some live by farming or ranching, some by fishing, logging, trapping or hunting. Some have mixed very well with their white neighbours and work off their reserves; others have never been more than a few miles away from their own homes.

These are the people I must speak for and their problems I must learn. It would be easy if we could find one answer for everyone's problems, but what is good for one tribe might be a hardship on another. Tribal customs, treaties, and local needs all have to be taken into consideration.

On my own reserve we have had many problems over the years in dealing with farming and also in holding onto our reserve, which, by the way, is the largest in Canada. When we were given our reserve, in 1883, our head chief, Red Crow, asked for the land between the Belly and Oldman Rivers on one side and the St. Mary on the other, from their confluence back to the mountains. The Government surveyed the land at five persons to a square mile, but the Indians didn't have any idea of what a square mile was. All they could understand were the natural boundaries like rivers and mountains. Since that time, many of my people have felt that the reserve should have gone right to the mountains, instead of being cut off 15 miles from the United States boundary. It is things like this which have caused suspicion and misunderstanding between the Government and the Indians.

Since they were given the reserve, the Bloods have never surrendered any of it, although we were often under great pressure from the Government and other people to do so. I remember our head chief, when approached some years ago about surrendering his reserve, replied in this way. He bent down and plucked a handful of grass and, handing it over, said, "This you can use". Then, bending down with his right hand, he picked a handful of earth and pressed it to his heart and said, "This is mine and will always be mine for my children of the future".

These words were always remembered by our tribe, and even though various methods were used to induce the Bloods to surrender, our chiefs pleaded and cautioned the people never to sell. One of the local newspapers published an account of the attempted forced surrender in 1907, which the Bloods turned down. It said that our head chief, Crop Eared Wolf, was "a particularly pig-headed Indian who doesn't know what is good for his people". I mention this incident because I know of the hardship my people went through because they were so stubborn.

I cannot pass by the early period without paying tribute to our first Indian agents. They toiled day in and day out to teach my people how to plow and how to drive the yokes of oxen. The Indians responded very well to their teachings, and it is a matter of record in the Indian Affairs report for 1884 that my reserve raised seven thousand bushels of potatoes and also had other garden stuff, as well as some oats and wheat.

But the Indian Department saw fit to make regulations for the protection of the Indians, and one of these was the permit system, under which no Indian could sell anything without a written permit from the agent. In that year, a minimum price of 25 cents a bushel was set for potatoes, and any Indians who tried to barter their produce for less were punished. As a result, by next spring many of their root houses were still full, so they felt there wasn't any use planting any more until what they had was gone. Now, wouldn't it have been better to let the Indians dispose of their potatoes, even for 5 cents a bushel, so they would keep on producing, instead of discouraging them and causing them to quit farming? But the permit system stayed on and, as years passed, many of the later agents used it as a whip rather than a protection for the Indians. Here, I am supporting the permit system for the purpose that it had in the act, because but for that system a great many of the Indians would have sold everything they had, but what I am objecting to is that many an agent used the system as a whip. Those who would not co-operate with the agent had a hard time getting permits to sell their grain, while those who were the agent's pets didn't have any trouble at all.

A sister reserve of mine, the Blackfeet, were induced to sell part of their land for some $2 million, and the money was used for the welfare of the tribe. But over the years much of the money proposed for their welfare turned out to be used for the benefit and welfare of the Government and the Indian office. Now this reserve is almost broke and

the people are worse off than any of the Indians who didn't sell their land.

When cattle were introduced to our reserve many of the Indians did very well in looking after their own individual herds. But again the Government stepped in and told them that the cattle should be handled as a single herd. The owners reluctantly obeyed, with the result that, as the years went by, the only time they knew they had cattle was when they got a cheque from the agency office. But when severe losses were caused by bad winters, the herds dwindled to such an extent that the individual owners were told to look after the cattle themselves. Some of the owners were glad to get them back and became successful ranchers, but most of them had lost interest during the years the herds had been taken away, and so they sold them to other Indians or let them wander out on the range.

It has been things like this that have discouraged many of the Indians and made them quit farming or ranching. When they first settled on their reserves most of them were anxious to work, but the Government kept taking away more and more responsibilities until they lost their initiative and confidence. Some attempts have been made in recent years to restore these things, but it will take time. When a man is treated like a child for many years, he is naturally slow to take any responsibility. On some reserves the Government has done the Indian's work, transacted his business, taken his children away from his home to be educated and given him no chance to think for himself or do anything as an individual. And yet he is expected to show progress.

The great need today is to assist and encourage our people to work their lands for themselves so they can support their families by their own efforts. On reserves such as mine, where there is good farming, the young men should be screened before being located. There are some people who would never make a success of farming but might be happier raising cattle or doing other work. But they should be encouraged to do these things themselves, without being under the direction of the agent and being forced to do things that they cannot succeed in.

I remember that I had no experience in 1929 which illustrates how the agent's control can kill a man's initiative. I had threshed about three thousand bushels of grain that fall and had an operating debt of about $500 which was endorsed by order supplies from the Indian agent. When the price of wheat went up to $1.34 a bushel some of us farmers asked the agent for a permit to sell our grain so that we could clear our debts. But he would not listen to us. He said he was holding out until the price rose to $1.40. Well, the price dropped to about $1.00 and just before Christmas it rose to $1.23. We felt sure the agent would sell, but he didn't. Then came the crash and our wheat was finally sold for less than 80 cents a bushel in the spring of 1930.

I was so discouraged that I quit farming to go to work in the coal mines so that I could support my wife and family. I didn't go back to farming for three years. Other farmers also were getting fed up with having all their business transacted by the agent and were talking about quitting. It was then that the Inspector of Indian Agencies asked me to go back to my farm. I said I would on condition that I would have the right to do my own business under his direction, but I felt I should have the right to sell the proceeds of my land when I saw fit to sell it. Those of us who were farming made a better success of our lives when that right was given to us.

During my recent travels to the various reserves in the northern part of the provinces I have seen that many of their timber resources have been exhausted. There is evidence in sawdust piles and stumps to prove that they had timber, but all that is left is bush and poplar. Where the land is suitable it should be cleared and used for farming or raising fodder for stock cattle, rather than the Indians living on relief. It would be much better if they could be put to work to clear the brush off these lands so as to make it productive for grain for fodder and such like.

Most of these areas I have visited also complain that commercial fishing has depleted the supplies and the Indians are having a hard time catching enough fish to make a living. But possibly the hardest hit is the trapping industry, upon which so many of the northern Indians depend for their livelihood. Their problem is in not getting a sufficient price for their furs to make their efforts worth while. Inasmuch as other industries are receiving assistance or subsidies from the Government, it might be wise to investigate the possibility of assisting the Indian trappers by a form of subsidy that will keep these people employed.

All these setbacks in farming, fishing and trapping have contributed to a deep feeling of frustration among these people. Many of them want to work but they are thwarted by a lack of employment or the lack of a sufficient education to enter new kinds of work. This frustration is also present among some employees and agents of the Indian

Affairs Branch, who can see many means of guiding the reserves to greater prosperity, but find they must adhere to all the old rules and regulations from Ottawa and there appears to be little room for new ideas or personal initiative.

I think my own reserve is a good example of what might be done. Compare it with the same area to the south of it. My reserve comprises 540 square miles, and compare that with the 540 square miles to the south of it and see the wealth that has been produced by the settlers who have come there. It is the same to the east, where wealth has been produced by the sugar beet industry; and to the north and to the west, where there is farming and ranching. Why is it that our reserve hasn't managed to produce wealth which would enable it to be self-supporting? It could be very productive, it could produce a lot of wealth.

I have mentioned my own reserve, but this situation exists in many places in Canada. It might be possible to improve the situation by the employment of farm managers who could work with Indians in an effort to make use of the reserves and eventually make them self-supporting.

I must pause here to mention something about the health services provided to the Indians. In my own area, and I think in the rest of Canada, the interest and attention given by the Government has saved many hundreds of lives. When the white man first came to this continent he brought with him many diseases that were unknown to the Indian people. The Indian people had no resistance to these new diseases and the balance of nature was seriously disturbed. Even within the past century many hundreds died from measles, smallpox and influenza. Tuberculosis was always one of the most deadly killers after we settled on our reserves. but the opening of sanatoriums, such as the Charles Camsell Hospital in Edmonton, has cut the TB rate away down. The attention of nurses and doctors has also reduced the infant mortality rate until today I understand the Indians have one of the highest birth rates in Canada.

The most important field—and for that reason I have left it until last—is the proper education of my people. If we are to become a success in anything today, we must be properly educated, not only in academic subjects but in learning the life of the white man of today. If our people are to compete in business and industry with the white man we must be given the kind of education that will be good enough and broad enough for this purpose. Others, whose reserves are located in areas where they must live by hunting and trapping, should be given the kind of education which will be of some practical use to them. The old system of trade schools, which was abandoned in western Canada many years ago, was one of the best systems ever used by the Government. On my own reserve, there are still one or two persons using the trades which they were taught more than half a century ago.

I believe it was the intention of Queen Victoria's commissioners that the Indians were gradually to receive better education until they could look after themselves. But today many of the old-timers have a better and more practical education than their grandchildren. From about 1915 right up until the Second World War education in my area was sadly neglected. Even after that time it was almost impossible to send children away from the reserve to receive a higher education. In my own case, I received practically no help or encouragement in sending two daughters away to train as nurses and another as a stenographer. In each case they were the first from my reserve, out of a population of over two thousand, to enter the nursing and stenographic fields. That was in the 1940's, over sixty years after the Bloods had settled on their reserve.

Since then more and more children are leaving their reserves to get better education, and the Government is recognizing the value of this kind of education. In my travels I have seen Indians trained to be lawyers, bookkeepers, nurses, nursing aides, plumbers and other trades. Parents are beginning to realize that their children need better education and are asking to have them sent out to white schools so that they can go on to college or university.

In my opinion, Indian children who go out to public or separate schools will grow up without a feeling of inferiority. As it is, when many residential school Indians go out into the world they feel the barrier and will not mix with the white people. I think that some of the residential schools could be turned into trade schools, particularly for pupils in the sixteen- to nineteen-year age group. They could obtain their academic education in day or public schools and, at the age of sixteen, those who wanted to learn trades could attend these schools while others continued with their regular schooling.

Always, when dealing with the administration of Indian affairs, it must be remembered that everything depends upon education. You cannot expect my people to show progress, or to take their place in business and industry, until they have an equal education, not only in learning the three R's but in understanding the world around them.

I hope that you will all be patient with me in the months ahead. This is a new tribe

for me and I have much to learn, not only about the workings of our Government but of the problems and needs of my people all across Canada. When I speak for the Indians, it will be only for them, and not for those who are trying to tell them what to do. I want to be their voice in Ottawa until they all choose to take the federal vote for themselves.

Honourable senators, may I sum up what I have already said. The Indian people have an innate sense of pride, self-respect and love of this beautiful country of Canada. As the original inhabitants they want not the patronage or tolerance of their fellows, but rather their understanding and help—so that they may materially improve their lot and status in the months and years to come, and so that "equality of opportunity" and "equal status" will mean something in the future. If we in Canada can freely grant aid, comfort and recognition to under-developed and distressed people all over the world, at the public expense, we can well afford to have a careful and continuous regard to the fulfilment of the legitimate, and indeed, humble, aspirations of our native population. We must give encouragement and provide economic, and in particular educational, aid to the thousands of our own people who need it, and who, in a specially Canadian sense, deserve it.

I say this in a completely non-partisan spirit. The Indian people need the understanding and support and deserve the confidence of all Canadians, regardless of party, race or creed. This co-operation I now earnestly solicit in the hope and expectation that it will be freely granted.

Hon. Vincent Dupuis: Honourable senators, I do not think there is one among us more qualified than I to congratulate the honourable senator from Lethbridge (Hon. Mr. Gladstone) on his kind remarks concerning the interests of his race, the first occupants of this country. When, in 1929, I actively entered the field of public life, I was elected by acclamation in the constituency of Laprairie-Napierville, where the Caughnawaga Reserve of the Iroquois tribe is situated. I had the great honour of being named one of the honorary chiefs of that tribe, in a most memorable ceremony.

My distinguished colleague from Mille Isles (Hon. Mr. Monette), comes from my old home town. Incidentally, may I say how rare it is in this house that two senators should come from the same parish. It proves that the town of our origin is a great place.

I am pleased to congratulate the honourable senator from Lethbridge on the beautiful and appropriate language which he used on this his first occasion to speak in the Senate. The first occupants of this country are indeed entitled to great consideration. We see today in the Middle East the awakening of the Arab people, a race which feels that it can now govern itself and that it has a right to do so, and to develop its own resources. The Western countries are beginning to understand that situation. In a sense, the Indians of Canada have similar rights. The very able speech of my colleague from Lethbridge shows that the people of his race realize they deserve some consideration in this country. I am sure all honourable senators are willing to do their best to co-operate with the other house to give maximum credit and render justice to these people, the first occupants of this country.

Hon. Gustave Monette: Honourable senators, I beg your patience while I join my friend from Rigaud (Hon. Mr. Dupuis) in expressing a few words on this extraordinary occasion. I was one of the first who had the privilege to shake hands with the new senator from Lethbridge (Hon. Mr. Gladstone) when he was sworn in, and I share the feeling expressed by the honourable senator from Rigaud. In doing so, I do not speak with the voice of an Indian Chief, but I can perhaps speak for some people who are not Indian Chiefs.

It is true that in the constituency of Laprairie-Napierville we have the Caughnawaga Reserve, where the Iroquois Indians live. At the time the Indians were gallantly fighting against the French, some of them crossed the border from the United States to Canada, and in their excursions to Montreal they settled in that area and established a reserve at Caughnawaga. Then when Quebec passed to the English there was already a host of Iroquois settled at Caughnawaga. They knew the French race better at that time and, most of them being Catholic, adopted, as sometimes happens, the rules of Christianity according to the church in the community in which they live.

Although I had not had intensive experience in politics, I had the honour on one occasion to be a candidate opposing my honourable friend from Rigaud. He, being eloquent and experienced in politics and possibly more resourceful than I, succeeded in retaining the seat. But fortune has given me the opportunity to be here and join him in the compliment he has paid to the traditional tribe of the Iroquois.

The honourable senator from Lethbridge spoke today of the virtues and the shortcomings of his people. He spoke about the need for education, not necessarily in the fields of literature or ancient philosophy, but in the ways of life of the other people with

whom they are called upon to live. His remarks bring to mind the Indians of Caughnawaga who, living as they do among farmers and close to industrial Montreal, are coming nearer and nearer to equality with other Canadian citizens, even in their industrial and commercial activities and in the Canadian way of life.

It is for these reasons that I feel the honourable senator is quite right in his desire that the Indian people—and this applies to immigrants, as well—should be given a chance and be helped to become integrated into the atmosphere and ways of life of the country in which Providence has called them to live.

It gives me great pleasure to offer my very best wishes to the honourable senator from Lethbridge and to congratulate him on being appointed to this house to represent the Indians of Canada. I am sure the appointment will mean much to his race, and I earnestly hope that public men and women of this country will co-operate to give his people a chance to make their maximum contribution to Canada. We have much to learn from the first inhabitants of Canada as well as from those who come here as immigrants.

Hon. John J. MacDonald: Honourable senators, it is only natural on the occasion of his maiden speech that I would wish to congratulate my deskmate the honourable senator from Lethbridge (Hon. Mr. Gladstone). Perhaps if we could go back seven or eight generations we might find he was closely related to that distinguished Prime Minister of Great Britain, the Right Honourable W. E. Gladstone.

I remember when I went to Alberta, back in 1911, after having finished the harvest, I drifted down to a place where there was an industrial school. I did not get into the school for three months, but having a mechanical nature I was taken on to do some work. So I was very forcibly identified with, I believe, the Bloods and the Crees. In the spring of 1912 I drifted out to the city of Edmonton, and about 1918, when overseas, I ran into one of the boys I knew down at this industrial school. I just want to inform the honourable senator from Lethbridge that he will not have completed his mission until he gets mixed up with some of the Micmacs down east. Some of them have gone through our university of St. Dunstan's and they are adding quite a bit to the economic life of their people.

I will say no more, honourable senators but I wanted you to know that I was very happy, as I believe most of you were, to listen to the able address that the honourable senator who has just spoken presented to us today.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Gladstone: Next sitting.

Hon. Mr. Macdonald: I might remind the house that the Senate passed this bill last session. It received three readings, and was subsequently passed in the House of Commons. However, Parliament was dissolved rather suddenly, with the result that the bill did not receive Royal Assent. Under these circumstances honourable senators might be prepared to give it third reading today.

Hon. Mr. Croll: I thought that, in view of the importance of this bill and the significance of the occasion, as well as the capable manner in which it was introduced, we should leave it on the Order Paper for another day, so as to enjoy it.

Hon. Mr. Gladstone: With leave, I move the third reading now.

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

LAKEHEAD HARBOUR COMMISSIONERS BILL

SECOND READING

Hon. William R. Brunt moved the second reading of Bill C-26 to incorporate the Lakehead Harbour Commissioners.

He said: Honourable senators, Bill C-26 is an act to incorporate a corporation to be known as the Lakehead Harbour Commissioners. This corporation when set up will manage and develop the harbours of Port Arthur and Fort William, and the powers of the corporation are similar to those granted to other harbour corporations which have been established in the past.

The Department of Transport and the Department of Public Works have been under considerable pressure for quite some time to construct modern terminal facilities at Port Arthur and Fort William, with seaway depths from which freight could be unloaded from ships to railway cars and motor trucks for distribution not only in the local area but to that part of Canada lying north and west of Port Arthur and Fort William. As a result of this pressure an investigation was made last October by engineers and economists of both departments, and it was found that the present terminals operated by

the Canadian Pacific Railway in Fort William and the Canadian National Railways in Port Arthur were obsolete; and further, that there were no facilities there for unloading to motor transport; and finally, that the seaway depth of 27 feet—which means that when the Seaway is completed boats drawing 27 feet will be able to go to Port Arthur and Fort William—could not be provided at the present wharves owing to the fact that the foundations of the wharves will not permit additional dredging. Accordingly, a recommendation was made that a new modern terminal be constructed to handle all types of traffic and that the management of this terminal be placed in the hands of harbour commissioners.

Incidentally, I might point out that this proposal was supported by the Governments of Ontario, Manitoba, Saskatchewan and Alberta, and in addition by the municipal councils of the cities of Fort William and Port Arthur, and finally by both railroads and all trucking associations.

There is a relatively large tract of land, located between the two cities, on Thunder Bay, which is most suitable for the construction of a proper terminal.

On June 6 last the Minister of Public Works announced in the other place that a consulting firm had been retained to carry out surveys and prepare proper plans for a Lakehead terminal estimated to cost between $3 million and $4 million.

This bill incorporates a body to manage the harbours of Port Arthur and Fort William as one harbour, and the body is to be known as the Lakehead Harbour Commissioners.

The bill is a logical forward step in the development that is expected to take place on the completion of the St. Lawrence Seaway.

This bill is similar to one passed during April 1957, when a corporate body known as Windsor Harbour Commissioners, at Windsor, Ontario, was set up. There is a slight difference between the two bills, in that both Port Arthur and Fort William will have representation on this commission, one commissioner being appointed by the municipal council of each city, and three commissioners being appointed by the Governor in Council. The commissioners will have complete jurisdiction, of course, over all of the harbour used by both cities.

The matter of receipts and expenditures will be dealt with by the commissioners. However, any revenue which remains in the hands of the commissioners over and above the operating expenses of the harbour and necessary working capital will, of course, be paid to the Receiver General of Canada. For the information of honourable senators I might point out that during the year 1957 there was collected from all publicly-owned terminal facilities, as now existing in the cities of Port Arthur and Fort William, a total amount of $13,800, made up of harbour dues of $12,000 and revenues from leases of water-lots of $1,800.

Hon. Mr. Hayden: Would my honourable friend permit a question?

Hon. Mr. Brunt: Yes.

Hon. Mr. Hayden: Who operates these public facilities now?

Hon. Mr. Brunt: The two cities. In addition they have the facilities that are operated by the C.N.R. and C.P.R. Naturally, with the change that will be brought about with the construction of the new terminal, this revenue will increase greatly.

I should like now to deal briefly with the bill, clause by clause, commencing with clause 3, the interpretation clause. Here the words "by-law", "commissioner", "goods", "harbour", "minister", "rate" and "vessel" are defined. All the definitions are self-explanatory, and I do not think anything needs to be added to any of them.

Clause 4 sets out the metes and bounds description of the harbours of Port Arthur and Fort William, located on Thunder Bay. It is within these boundaries that the commissioners will have the right to control the operation of ships.

Clause 5 sets up the composition of the commission. As I have already pointed out, the city of Port Arthur names one commissioner, the city of Fort William names one, and the remaining three are named by the Governor in Council.

Clause 6 of the bill gets us away from monopolies, which have been before this house all day, in that it sets out the term of office of the commissioners. Honourable senators will note that each commissioner is appointed for a period of three years only.

It is further set out in clause 6 that no member of the municipal council of either Port Arthur or Fort William shall be eligible to be appointed as a commissioner.

Clause 7, which is brief, provides for each commissioner to take the oath of office.

Clause 8 deals with the matter of election of a chairman, sets forth what shall constitute a quorum, and finally decrees that the remuneration for the services of the commissioner shall be fixed by the Governor in Council from time to time.

Clause 9 deals with the employment of a harbour master and other officers and employees necessary for the carrying out of the terms and provisions of this bill.

Clause 10 deals with the jurisdiction of the corporation within the harbour itself.

Clause 11(1) gives to the corporation the right to deal with private lands. Clause 11(2) gives to the corporation the right to deal with Crown and city lands. Clause 11(3) gives the corporation the right to dispose of Crown lands, with the consent of the Governor in Council.

Clause 12 is a rather long one. It gives to the corporation the right to make regulations with respect to the following matters: (1) the control of waterfront property; (2) the construction of harbour facilities; (3) the matter of railways operating on the corporation's lands; (4) the operation of motive machinery of every kind and nature within the harbour; (5) any work undertaken by the corporation affecting the use of navigable waters, such work being subject to the Navigable Waters Protection Act.

Hon. Mr. Roebuck: Has it rights of expropriation?

Hon. Mr. Brunt: Yes. I shall come to that a little later.

Clause 13 is another long one. It sets out in detail matters which can be dealt with by bylaws passed by the corporation. This clause further provides that no bylaw shall come into effect until the following requirements have been complied with, namely, that: (1) the bylaw has been served upon the Clerk of the City of Port Arthur and also upon the Clerk of the City of Fort William; (2) it has been published in the *Canada Gazette*; and (3) it has been confirmed by the Governor in Council.

Hon. Mr. Roebuck: Are these the same powers that are usually given to other commissioners?

Hon. Mr. Brunt: Yes. There is a small difference as to the appointment of commissioners and things like that.

Clause 13 provides also that any bylaw passed by this corporation shall be accepted as evidence in all the courts in Canada.

Clause 14 relates to the borrowing powers of the corporation and gives to the corporation the right to borrow money and to issue debentures in multiples of $100. No debenture, however, shall be issued for a longer period than 40 years. All bonds and debentures are a charge on the real property vested in the corporation. Finally, the prior approval of the Governor in Council must be obtained before any bonds and debentures can be issued.

Clause 15 deals with finances and provides what shall be charged against the revenues of the corporation. It further provides that any revenue remaining in the hands of the corporation after the payment of operating expenses and the setting aside of a proper sum for working capital shall be paid to the Receiver General of Canada within four months of the end of each fiscal year.

Clause 16 provides for the setting up of a proper accounting system and for the inspection of all books set up by the corporation. Such books shall be open at all times for inspection by: (1) the Minister of Transport; (2) the City Councils of the cities of Port Arthur and Fort William and (3) such other persons authorized by the minister or the said councils.

Clause 17 deals with the matter raised by the Honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck). It gives to the corporation the right of expropriation, and the same shall be done in accordance with the terms of the Railway Act. In all cases, however, the right to expropriate cannot be exercised without first obtaining the consent of the Governor in Council.

Clause 18 deals with the matter of setting up of harbours rates and the settling of disputes in connection with the same.

Clause 19 provides for the seizure of vessels in any case where the harbour dues are not paid.

Clause 20 provides for the seizure of goods under the same circumstances.

Clause 21 relates to the detention of goods seized and the method to be followed in order to effect a valid and proper seizure.

If honourable senators will look at that clause they will find there is no provision for the sale of goods that are seized. On making inquiries with reference to this I was advised by officials of the department that the sale of goods seized under circumstances such as this is conducted under the terms of some other act, and they have agreed to give us particulars with respect to this when the bill is before the Committee on Transport and Communications.

Clauses 22, 23 and 24 are of a general nature, and no explanation of them is necessary.

Finally, clause 25 provides that the bill shall come into force on a day fixed by the Governor in Council.

Honourable senators, it is my intention to refer this bill to the Committee on Transport and Communications, at which hearing two or three members from the Department of Transport will be present.

Hon. Mr. Macdonald: Are they coming tomorrow?

Hon. Mr. Brunt: If you so desire they could be here tomorrow morning.

Hon. Mr. Macdonald: No arrangements have been made for tomorrow?

Hon. Mr. Brunt: Not as yet, but we could have them here on very short notice. These

gentlemen would give a much fuller explanation of the bill than I have given this afternoon, and would be prepared to answer questions which might be raised by any honourable senators.

If there are any questions that honourable senators would like to ask at this time I will endeavour to answer them to the best of my ability.

Hon. Mr. Wall: May I ask the honourable senator if by the boundaries of the Lakehead harbour is meant just the part of the harbour that would be under the jurisdiction of the commission?

Hon. Mr. Brunt: When this bill is passed and the new terminal facilities are set up that will be the only harbour; it will be an entirely new harbour.

Hon. Mr. Wall: And may I ask, with regard to the facilities that are projected for this particular harbour which are going to be built at federal expense, what are the considerations which led to the choice of administration by the Lakehead Harbour Commissioners rather than administration under the National Harbours Commission?

Hon. Mr. Brunt: I am afraid I do not understand the honourable senator's question.

Hon. Mr. Wall: Well, there is a basic choice. Some of our harbours are administered under the National Harbours Board. Here we are setting up an independent harbour commission. What are the basic considerations that led to this choice?

Hon. Mr. Brunt: The honourable senior senator from Ottawa (Hon. Mr. Lambert) has provided me with the explanation. He stated that the harbours which are administered by the National Harbours Board are those that deal with ocean ships only, whereas the harbours on the Great Lakes, which are inland waters, are all usually under the jurisdiction of a harbour commission.

Hon. Mr. Hayden: That might change now. There will be no inland harbours in eastern Canada.

Hon. Mr. Lambert: Can the honourable senator indicate how the operations at Port Arthur and Fort William have been handled in the past? There is no commission at the Lakehead, so I presume the operations have been handled by harbour masters.

Hon. Mr. Brunt: I understand that the facilities at the freight terminals in Fort William are operated by the Canadian Pacific Railway at the present time, and those in Port Arthur are operated by Canadian National Railways. That is, the big part of the terminal facilities consists of these two terminals operated by the two railroads. In addition, there is a small public terminal, which in 1957 produced a revenue of $13,800.

Hon. Mr. Lambert: I think it is surprising that a harbour commission of this sort for the head of the lakes has not been operating before now. There are harbour commissions in Toronto, Hamilton, Windsor, and also, as a matter of fact, at Winnipeg. From the point of view of in-and-out shipping, no point is more important than at the head of the lakes. I would think that the management of that operation by a harbour commission, especially during the heavy movement of grain, would be very desirable. Just how the harbours of both Fort William and Port Arthur have been regulated in the past is more or less of a mystery to me. Offhand I should know more about it than I do, but I fancy that the municipalities of both cities have had control of the harbour operations through an appropriate commission.

Hon. Mr. Brunt: Probably a local commission.

Hon. Mr. Lambert: Certainly there has been a very heavy movement of traffic through those two ports during the last 25 years.

Hon. Mr. Roebuck: There is one point that I think is worthy of attention. Section 22 of the bill says:

> Where, by or under this act, a person is required to take an oath, it may be administered by a commissioner, the secretary of the corporation, the harbour master or a justice of the peace.

That seems to be all-inclusive. I think it should be made clear—and perhaps it is as well to mention it now so that it may be considered prior to the appearance of officials before the committee—that others are quite capable of swearing affidavits—for instance, commissioners for the taking of affidavits, and notaries public. Also, it will be seen from the Evidence Act that a certain status is given to persons abroad who take affidavits which are sworn out of Canada. I think that should be made clear. It may be that the Justice Department would say this is only granting additional powers, but it certainly is not clear that that is so. I think that section 22 as it stands would be misundersood as limiting the right to those who are enumerated, and excluding the right of those who are not.

Hon. Mr. Brunt: I might say to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that the purpose of this clause, as I understand it, is to extend the right—that if this clause was not in the bill, then unless a commissioner was one of the persons now qualified to take an oath he would not be allowed to do it.

Hon. Mr. Roebuck: Yes, but you are including here a justice of the peace. He is already able to take an affidavit.

Hon. Mr. Brunt: Yes. I do not think those words are at all necessary.

Hon. Mr. Macdonald: This is distinctly limiting, I should think.

Hon. Mr. Brunt: No. If it were limiting, the clause would say "shall" instead of "may".

Hon. Mr. Macdonald: As the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, a justice of the peace can take an affidavit. A commissioner also can take one.

Hon. Mr. Brunt: "Commissioner" refers to a harbour commissioner, not the ordinary commissioner who takes oaths.

Hon. Mr. Macdonald: I presume "commissioner" means a commissioner of the Supreme Court.

Hon. Mr. Roebuck: I would think it means a commissioner under the act.

Hon. Mr. Macdonald: All right. Then affidavits could be sworn before only those who are mentioned in the section.

Hon. Mr. Brunt: The clause could not possibly be limited to that interpretation.

Hon. Mr. Macdonald: Well, as the senator from Toronto-Trinity pointed out, it includes a justice of the peace.

Hon. Mr. Brunt: If the clause was intended to have a limiting effect, the word "shall" would have been used instead of "may".

Hon. Mr. Macdonald: Not at all. That is not necessarily the correct interpretation. Why does the section not say a justice of the peace and a notary public?

Hon. Mr. Roebuck: Or a commissioner for taking affidavits.

Hon. Mr. Macdonald: I agree with the honourable senator from Toronto-Trinity that the matter should be cleared up in committee.

Hon. Mr. Brunt: We will have to have someone from the Department of Justice to clear up that particular point.

Hon. Mr. Roebuck: Who ever drew up the bill?

Hon. Mr. Croll: Be sure you bring a lawyer to explain it.

Hon. Mr. Brunt: Why not just make it read "a barrister or solicitor"?

Hon. Mr. Wall: Honourable senators, may I ask a question arising out of the one that I already asked, also connected with what the sponsor of the bill said concerning pressure from modernized facilities. Some of this came from Manitoba I know, resulting in an investigation by departmental engineers and economists, and I have asked for a report so that I could see what has been looked into. Although this is not stated in the bill, the sponsor mentioned that there is going to be a new modern terminal, complete with wharves and other appurtenances, and built at public expense. Is that then to be turned over to the Harbour Commissioners, so that they will begin operations with a modern port equal to the kind of demands that are going to be made on it in a harbour which is going to be a rather unique one because it is going to funnel so much trade into the west? The reason I asked earlier why it was decided to set up an independent board of harbour commissioners instead of placing this harbour under the National Harbours Board was that I think this port is going to be unique. Is it the intention of the Government to have this commission begin its operations with a modern port which in effect has been gifted to it by the federal Government?

Hon. Mr. Brunt: Honourable senators will remember that at the last session I sponsored a bill which dealt with harbour facilities in the city of Hamilton. That bill gave the Harbour Commissioners there power to borrow $4 million to improve their facilities. Under the present bill it will be necessary for the Lakehead commissioners, as I understand it, to issue debentures and borrow money to create the harbour facilities. They are not going to be built by the dominion Government and then presented as a gift to the Harbour Commission.

Hon. Mr. Wall: That modern terminal, to be built at a cost of around $3 or $4 million, is to be then purchased by the Harbour Commission?

Hon. Mr. Brunt: No. The land will be conveyed to the Harbour Commission and it will proceed to have this terminal built and will issue bonds to pay the cost of this terminal harbour.

Hon. Mr. Wall: I see.

Hon. Mr. Hayden: Can the honourable senator tell us why it is that pecuniary dealings only between the corporation and the members are prohibited? Why is there a limitation to things that can be bought and sold?

Hon. Mr. Brunt: Are there any other kind of deals?

Hon. Mr. Hayden: I would think so.

Hon. Mr. Brunt: I think those are all the dealings one would have to cover in a bill.

Hon. Mr. Hayden: I do not know what the commission has to sell other than services.

Hon. Mr. Lambert: The commissioners must not have any property interest.

Hon. Mr. Hayden: I would think that is so.

Hon. Mr. Roebuck: I suppose one commissioner could marry another commissioner's daughter.

Hon. Mr. Hayden: I would think that is so too.

Hon. Mr. Monette: May I ask the honourable senator from Hanover (Hon. Mr. Brunt) a question? Who is to be the owner of property subsequently acquired? In clause 17 of the bill provision is made for the corporation to expropriate but it is not stated whether the fact of expropriation will make the property the property of the Government.

Section 10 provides that:

> Subject to this act, the corporation has jurisdiction within the limits of the harbour, but nothing in this act gives the corporation the right to enter upon or to deal with any property of Her Majesty—

I understand the property is at present standing in the name of Her Majesty.

Section 11 speaks of expropriation, in these words:

> (1) The corporation may purchase, expropriate or otherwise acquire and hold, lease, sell or otherwise dispose of such land, buildings or other property, real or personal, within the harbour as it deems necessary—

But the bill does not state that any property once acquired by expropriation or otherwise becomes definitely the property of the corporation as distinct from the Government of Canada. Is there anything to show that any property owned at any time by the corporation would be the property of Canada? Maybe I have overlooked many things, for I read the provisions of the bill a little fast, and if the honourable senator prefers I could wait until tomorrow for the answers.

Hon. Mr. Brunt: The only answer I can give to the honourable senator is that nowhere in the bill is there any reference to the Government of Canada acquiring property at any time. The one body that shall have the right to purchase, acquire or expropriate property of any kind is the corporation. I think it is to be presumed that if the corporation goes out and purchases land it will become the owner of the land.

Hon. Mr. Monette: So land that is bought or expropriated by the corporation becomes the property of the corporation exclusively.

Motion was agreed to and bill read second time.

REFERRED TO COMMITTEE

On the motion of Hon. Mr. Brunt, bill referred to Standing Committee on Transport and Communications.

ESTATE TAX BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

Hon. Gunnar S. Thorvaldson moved the second reading of Bill C-37, respecting the taxation of estates.

He said: Honourable senators, the federal Government first introduced legislation to tax estates of deceased persons in 1941. The name of the legislation was the Dominion Succession Duty Act. Prior to the year mentioned all the provinces of Canada had made use of estates of deceased persons as a source of revenue. It is interesting to note that the first province to tax estates or successions, in Canada—that is to apply death duties, as we generally call them—was the province of Ontario, which did so in 1892. It is interesting also to note that the preamble of the Ontario legislation referred to the necessity for the tax to raise money for charitable purposes.

Although the dominion legislation in this field was dictated by wartime necessity, nevertheless the Honourable Mr. Ilsley, then Minister of Finance, made it clear that the federal entry into this field of taxation was not temporary but was to be permanent.

In 1947 all the provinces, with the exception of Ontario and Quebec, by agreements with the federal Government vacated this field of taxation. These agreements have been twice renewed for five-year periods so in the result Ontario and Quebec are the only provinces that now levy succession or death duties.

Bill C-37, called "An Act respecting the taxation of estates", is intended to replace the present Dominion Succession Duty Act. The proposed law is designed to overcome as far as possible those features of the present law which seem unfair, or severe, or impose inconvenience on the taxpayer, or leave the way open for tax avoidance.

The outstanding features of this bill are (1) its greater simplicity—although I think it must be admitted that no fair or adequate tax legislation can in this day be simple—and, (2) its generally lower tax burden, particularly on small estates and on estates where the deceased leaves a widow and dependent children.

This tax relief is accomplished with an estimated loss of revenue of about 10 per cent of the present normal annual revenue from estates, which amounts to approximately $60 million.

The main change in the principle of the new act can best be described by comparing the methods of imposition of tax under the two acts.

Hon. Mr. Euler: May I ask my friend a question? He spoke of the loss of revenue being 10 per cent, and then he mentioned the amount of $60 million. Does he mean the total annual revenue is now $60 million or $600 million?

Hon. Mr. Thorvaldson: The computation of the department, I believe, is that the expected revenue under the new act will be about 10 per cent of $60 million, which amount is approximately the annual revenue from the Dominion Succession Duty Act.

Hon. Mr. Brunt: In other words, $6 million?

Hon. Mr. Thorvaldson: Yes, $6 million. However, while we refer to a contemplated loss of revenue in regard to estate taxes or succession duty taxes, I think all honourable senators are aware that revenue from taxes of this kind fluctuates very greatly from year to year. If a person of very considerable means dies in a certain year, the revenue from estate taxes in that year will rise greatly. For instance, some two or three years ago two very wealthy Canadians died within one year, and consequently the revenue from the Dominion Succession Duty Act for, I believe, two years was greatly in excess of the normal amount. Such facts must be borne in mind in regard to possible revenue from taxes of this kind, year by year.

Hon. Mr. Macdonald: I suppose the calculation of 10 per cent would be taken on an average over a 10-year period?

Hon. Mr. Thorvaldson: I would think that is the only way one could be at all accurate in making such an estimate.

The present Succession Duty Act imposes a tax on the succession to property on its devolution to successors or beneficiaries. Hence the expression "succession" duty. It is sometimes alternatively called a tax on inheritances. Under the present act the tax varies according to several factors, namely, the value of the total estate, the value of the individual bequests or inheritances, and the degree of relationship between the deceased person and the person to whom property is transmitted. Under the present act, there being four classes of successors, there are five different rates or classifications of duty, and the tax falls on the beneficiary successor. The reason I refer to there being five different rates of duty is that there is, firstly, one known as the initial rate, and then there are four classes of differing consanguinity, each of which bears a different tax rate.

Hon. Mr. Roebuck: You are setting aside that recognition of the family, are you not, in this bill?

Hon. Mr. Thorvaldson: In the respect in which I am speaking now, that may be so, but I think it will appear from my further remarks that that feature is being taken care of by other provisions of the measure which protect the dependents of deceased persons. I will come to that point in a moment.

The proposed Estate Tax Act, on the other hand, imposes a single tax on the aggregate value of the estate, and the rate of that tax is not affected by considerations of the relationship between the deceased and the beneficiaries; that is to say, the identity of the successors is ignored and the tax falls on the estate. Under the present act the primary liability for payment of tax rests upon the successors; under the new act this primary liability will be placed upon the executor.

Hon. Mr. Roebuck: But in actual fact, while the primary responsibility is on the beneficiary, it is paid by the estate, is it not?

Hon. Mr. Thorvaldson: That is right. Under the present act there is a secondary liability on the executors.

Hon. Mr. Roebuck: The final effect of it is that the executor, or the person representing the estate, has paid it, because he has had to protect himself.

Hon. Mr. Thorvaldson: That is correct. But in the proposed law that situation is reversed, and the primary liability for payment of tax is placed upon the executor, with a secondary liability imposed on the beneficiary. I will come to that point in a moment.

This form of tax avoids to a great extent the whole range of difficult problems involved in determining who are the beneficiaries of an estate and how much each receives. As I said before, this change in assessment approach is the most fundamental difference in principle as between the two acts and it is what has made possible much of the simplification that has been achieved in the new act.

Let me here give one example to indicate a difference in the effect of the application of the new act and the present act in a particular instance. Under the present act, take the case of an employer who has an estate valued under $50,000 and leaves a bequest of $5,000 to his cook. In that case the cook would get the $5,000 clear. But if the employer left a taxable estate of, say, $1 million, the

cook would find that her bequest was subject to a duty of nearly $1,000. Under this bill, however, with the shifting of the tax from the succession to the estate, and the executor paying the duties as a testamentary expense, the cook in the second instance would get her whole legacy in the same way as in the first.

Hon. Mr. Macdonald: In that case who would pay the tax?

Hon. Mr. Thorvaldson: The executors, out of the residue.

Hon. Mr. Macdonald: Which beneficiary would lose?

Hon. Mr. Brunt: The preferred one, probably.

Hon. Mr. Aseltine: It is a debt against the estate.

Hon. Mr. Thorvaldson: Yes, the tax under the proposed act is a debt against the estate. Of course, it must be remembered that a testator can do various things in a will, one of which is to impose the tax directly on a successor or beneficiary, if he chooses to do so. The example which I gave was of course in the case of two wills which said nothing in regard to who should pay the tax. Here the Dominion Succession Duty Act applied as it did without anything having been said in the will about payment of the tax or duty that might accrue.

Hon. Mr. Roebuck: Is it not a fact that you are proposing to change all the wills that contain a provision such as you have just now referred to, where the will is so drawn that the testator intends the beneficiary to pay the succession duty? When you change the act, are you not in effect changing these wills?

Hon. Mr. Thorvaldson: I would ask the honourable senator to allow that point to stand until later, when I will come to it and read a statement which was read in the other place yesterday on that very point.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Thorvaldson: I come now to a point that was referred to by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) a little earlier, in regard to protecting the element of dependency of a decedent. That is being done under the proposed act by a method of exemption or a deduction from a tax liability of a certain portion of the estate. Hence, in the case of the death of a husband, leaving a widow, the net estate up to $60,000 is completely exempt from tax.

Hon. Mr. Macdonald: If he does not leave the money to the widow—?

Hon. Mr. Brunt: The exemption still applies.

Hon. Mr. Thorvaldson: I think this will become clear as I go on, and if not I will return to it. If there are dependent children under 21 years of age, additional exemption of $10,000 for each child is provided. Hence, if a husband leaves a widow and four dependent children, his estate up to $100,000 is wholly exempt from tax.

An Hon. Senator: It might not go to the widow.

Hon. Mr. Croll: I am trying to follow the speaker, but I am losing the continuity. He should be allowed to finish his speech.

The Hon. the Speaker: I agree. I understood some time ago that honourable senators had decided to let the sponsor of a bill complete his explanatory statement. I have had only a short experience here, but it is enough for me to say that what often happens is that questions which, in the earlier stage of a speech, honourable senators propose to ask, will be answered before the speech is finished. So I suggest that the agreement I have mentioned be observed, that the preliminary statement be made by the sponsor, and that any questions be put afterward.

Hon. Mr. Thorvaldson: Apart from these provisions regarding dependency, every estate having a net value of $50,000 or less is excluded or exempt from tax. That is the same exclusion from tax as is contained in the old act.

I would like to refer here for a moment to a provision which may cause confusion in the minds of honourable senators. That is the provision in the bill for a basic exemption of $40,000 for every estate. I say that this is confusing because I have just said that every estate having a net value of $50,000 or less is completely exempt from tax and every estate left by a decedent husband to his widow is exempt up to $60,000. Let me therefore explain the reference to the $40,000 basic exemption in this way. Suppose there is an estate amounting to $100,000 net. The law looks to see if it belonged to a married man, namely, a decedent leaving a widow. If so, the $60,000 exemption applies. But if not, the $40,000 exemption applies; that is, tax begins at $40,000. What I have tried to make clear is that every estate of $50,000 or less is tax exempt. But if an estate is over $50,000 there may be circumstances at which tax begins at $40,000. The point is that the larger exemptions previously mentioned apply in the case of a small estate or in the case of a dependency.

Hon. Mr. Macdonald: I do not want to ask a question, but I wonder if the honourable senator would clarify the matter of the three

amounts at which taxation may occur. He referred to $40,000, $50,000 and $60,000.

Hon. Mr. Thorvaldson: I recognize that matters of estate taxation are somewhat confusing and technical, but I think that if the honourable senator defers this question until he reads the report in *Hansard* the written record will make it easier to understand than any oral explanation can. If I attempted an explanation at this point I would merely repeat what I have said. So if I may carry on I should like to do so.

Another basic change in the bill is the decision to tax all property of the decedent wherever situated in the world. In the past, real estate situated in a foreign country and owned by a person domiciled in Canada was not subject to Canadian succession duty. That is now being changed and appropriate provision is made in the act to include such property in the estate for purposes of taxation.

I have said that an attempt has been made to simplify the law. I think the greatest simplification has been effected in respect to calculation of the tax payable. In this respect it follows the graduated system applied in the Income Tax Act. After the application of certain exemptions and deductions, as, for instance, exemptions in regard to widows and dependent children and deductions for, say, charitable donations, the balance of the estate is taxed under a single schedule of graduated rates, irrespective of whether it goes to a widow or to a stranger. When I refer to graduated rates I mean, of course, that the whole taxable estate is taxed at a certain percentage on the first $10,000, a higher percentage on the next $10,000, and so on.

This system is similar, indeed identical in principle, to our graduated rate of tax under the Income Tax Act. In this regard I may say that in the lower brackets the rate of tax is almost always considerably lower under the proposed act than under the present law. As we come, however, into the higher brackets of larger estates, the amount of tax under the new measure is approximately equal to the amount of duty levied under the present Succession Duty Act.

Another difference refers to the question of property in Canada of a person who at the time of death is domiciled outside of Canada. Under the present act the duty levied in Canada is computed with reference, not only to the value of property in Canada, but also to such matters as the total estate value, the bequests to individual successors, their relationship to the decedent and so forth. Under the proposed act the tax in this case is levied with reference only to the Canadian property, and at a flat rate. That rate is specified at 15 per cent of the net value of the Canadian property.

The scheme of the proposed act closely parallels the concepts found in the income tax law and thus has the advantage of being well known to tax practitioners and the general public. For example, tax is payable on the world estate of a person domiciled in Canada just as tax is payable on the world income of a person resident in Canada. Tax is payable on the Canadian property of non-domiciled persons just as it is payable by non-residents on their income from Canadian sources. "Aggregate net value" and "aggregate taxable value" correspond to "net income" and "net taxable income". That is, they correspond to those terms in the Income Tax Act.

The general exemption and the special exemptions for widows and dependent children and for charities follow the pattern of the Income Tax Act, as do the rate structure and the tax credit and tax abatement provisions. Not all of these features embody changes in basic concepts from those in the present succession duty law, but all of them do use very different methods of determining the tax and they are presented in a simpler and more logical sequence.

Honourable senators, I suggest placing upon *Hansard* two tables. The first is a rate schedule for estate tax under the proposed act and includes also a general summary of the deductions provided in the bill. The second is a schedule giving a comparison of duty and tax payable under each act in the case where a husband leaves one-half of his estate to his widow and one-quarter of it to each of his two adult children.

Hon. Senators: Agreed.

Hon. Mr. Thorvaldson: Then I would ask that they be placed on *Hansard* at this point.

TABLE I

Rate schedule for estate tax proposed in Estate Tax Bill

10 per cent on first $5,000.

$ 500	on $ 5,000	plus 12%	on next $	5,000
1,100	on 10,000	plus 14	on next	5,000
1,800	on 15,000	plus 16	on next	5,000
2,600	on 20,000	plus 18	on next	20,000
6,200	on 40,000	plus 20	on next	20,000
10,200	on 60,000	plus 22	on next	40,000
19,000	on 100,000	plus 24	on next	50,000
31,000	on 150,000	plus 26	on next	50,000
44,000	on 200,000	plus 28	on next	75,000
65,000	on 275,000	plus 30	on next	75,000
87,500	on 350,000	plus 32	on next	100,000
119,500	on 450,000	plus 34	on next	100,000
153,500	on 550,000	plus 36	on next	100,000
189,500	on 650,000	plus 38	on next	100,000
227,500	on 750,000	plus 40	on next	100,000
267,500	on 850,000	plus 42	on next	100,000
309,500	on 950,000	plus 44	on next	150,000
375,500	on 1,100,000	plus 46	on next	200,000
467,500	on 1,300,000	plus 48	on next	250,000
587,500	on 1,550,000	plus 50	on next	250,000
712,500	on 1,800,000	plus 52	on next	200,000
816,500	on 2,000,000	plus 54	on excess	

Summary of deductions proposed in Estate Tax Bill:

In respect of a deceased male not survived by a spouse, or in respect of a deceased female not survived by an incapacitated spouse and a dependent child, $40,000.

In respect of a deceased male survived by a spouse, or in respect of a deceased female survived by an incapacitated spouse and a dependent child, $60,000.

In respect of each dependent child (i.e. under 21) of a deceased male survived by a spouse, or of a deceased female survived by an incapacitated spouse, $10,000.

In respect of each dependent child of a deceased person not survived by a spouse, $15,000.

In respect of a gift made to a charitable organization, all deductible.

TABLE II

Present succession duty and proposed estate tax where a husband leaves ½ of his estate to his widow and ¼ of it to each of two adult children.

Size of estate	Sucession duty* (Exemption $20,000)	Estate tax* (Exemption $60,000)
$ 60,000	$ 3,420	$ —
70,000	4,610	1,100
100,000	8,890	6,200
150,000	18,640	16,800
200,000	29,960	28,600
300,000	57,580	55,200
500,000	125,460	116,300
1,000,000	325,060	305,300
3,000,000	1,328,880	1,324,100
5,000,000	2,469,880	2,404,100
10,000,000	5,319,240	5,104,100

*Before any deduction in respect of provincial or foreign taxes, or gift taxes.

I trust that these few remarks concerning the proposed Estate Tax Act have given honourable senators some general picture of the principles underlying the new scheme and of the changes that are proposed as to the former law.

In regard to a question raised by the honourable senator from Toronto-Trinity as to the general necessity for revising wills, may I say that that subject-matter came up in the other house, and in that regard a statement has been prepared which I would like to read.

Hon. Mr. Hayden: Whose statement is it?

Hon. Mr. Thorvaldson: It is a statement by the Administrator of Succession Duties and it is written to the Deputy Minister of Finance.

Hon. Mr. Smith (Queens-Shelburne): Is it Government policy? Does that statement represent Government policy?

Hon. Mr. Thorvaldson: It is not policy at all. It is an explanation in regard to the necessity in some instances of revising wills.

Hon. Mr. Macdonald: I think we should hear it.

Hon. Mr. Croll: To whom is it addressed?

Hon. Mr. Thorvaldson: It is addressed to the Deputy Minister of Finance, Confederation Building, Ottawa, Ontario, and directed to the attention of Mr. R. Irwin, *re* "Estate Tax Act". Perhaps I might read the whole letter now.

Hon. Mr. Macdonald: Go ahead.

Hon. Mr. Thorvaldson: The letter reads:

It has been understood that at some point the Minister of Finance will issue a warning to the effect that the new Estate Tax Act may require some persons to change their wills if the act is not to result in a frustration of their testamentary intentions. The last opportunity for this would be at the third reading of the bill and, at Mr. McEntyre's request, I have drafted a suggested statement which follows. I might say that I read my original draft to Mr. Smith before he left and the following suggestion incorporates the changes suggested by him:

"At this time I would like to make a statement about the effect of the new tax in relation to existing wills. Under the Succession Duty Acts, provincial and federal, the liability for duty falls on the successor. Many testators provide in their wills for such duty to be paid from the mass of the estate as a general charge, like a debt. Such wills should require no change."

I might say that in my experience most wills are made with a provision requiring the executor to pay succession duty.

Hon. Mr. Macdonald: Not mine.

Hon. Mr. Thorvaldson: The letter continues:

However, wills without such a provision require alteration if the new tax is to be charged against all the successors rather than only against those that succeed to the residue of the estate. If this is the testator's desire he would have to provide instructions to his executors to apportion the amount of the tax as he wishes, after payment has been made by the executors as required by the act.

I would, therefore, urge all persons to examine their wills with the new tax in mind to insure that when it comes into effect their testamentary intentions will be carried out. To provide an adequate period for this to be done the new act will not be proclaimed for some months.

On motion of Hon. Mr. Hayden, debate adjourned.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable J. H. G. Fauteux, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the following bills:

An Act for the relief of Eileen Rose Brown Porteous.

An Act for the relief of Anita Duguay Brais.

An Act for the relief of Sydney Lesser.

An Act for the relief of Stella Rachel Cater Harris.

An Act for the relief of Samuel Jack Goldberg.

An Act for the relief of Beatrice Claire Carmichael Glas.
An Act for the relief of Francis Allan Quinn.
An Act for the relief of Kaljo Klasman.
An Act to amend The Lake of the Woods Control Board Act, 1921.
An Act to amend the Criminal Code.
An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1958, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.
An Act to amend the Indian Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

EXCISE TAX BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-44, to amend the Excise Tax Act.

Bill read first time.

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

Hon. Mr. Haig: Next sitting.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: May I ask the honourable senior senator from Winnipeg (Hon. Mr. Haig) if he will inform the house what the order of business will be tomorrow?

Hon. Mr. Haig: I have received no instructions from the Leader of the Government (Hon. Mr. Aseltine). I understand that the house will sit tomorrow at 3 o'clock.

Hon. Mr. Macdonald: That of course is according to the rule. Is it the intention to proceed with the Estate Tax Bill, and if so will that be the first order of business tomorrow?

Hon. Mr. Haig: The honourable Leader of the Government is not here and did not leave us any instruction as to the course he wants to pursue, but the bill can be placed on the Order Paper for tomorrow, and if it is not intended to proceed with the bill it can be postponed.

Hon. Mr. Thorvaldson: My understanding is that it was intended to proceed with the bill.

Hon. Mr. Haig: The honourable leader told me, however, that the house would sit on Friday.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, August 14, 1958

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

Prayers.

THE LATE SENATOR HAWKINS

TRIBUTES

Hon. W. M. Aseltine: Honourable senators, this is another one of those sad occasions which happen all too frequently in this chamber.

When I entered the building this morning, a little before 9 o'clock, I learned for the first time, to my great sorrow and regret, of the sudden demise of my dear friend and associate the Honourable Charles G. Hawkins of Milford-Hants, Nova Scotia. I had been talking to him as late as 6.30 o'clock last evening about the report of the Finance Committee on housing. At that time he appeared to be in robust health, and we arranged for him to speak on the adoption of the report of that committee after the debate on the Estate Tax Bill. Life, honourable senators, is an uncertain and fleeting thing but, in view of what I have just said, the honourable senator's death was more of a shock to me than if he had been ill for some time.

Senator Hawkins came to this chamber in 1950, and during the last eight years endeared himself to all of us. He was a man of exceptionally good judgment. He took a very prominent part in the work of the Senate. For several years he had been Chairman of the Standing Committee on Finance, and in that capacity he took a very prominent part in its work. I remember that last May, when this session opened, and before the chairmen of the different committees were selected, I went to him and asked if he would consider continuing as Chairman of the Finance Committee, and he said that he would do so for this session only. He was chosen, and he did act in a very capable and efficient manner. I would not want to think that the strenuous work he did in that committee did anything to bring about his early demise.

Senator Hawkins started out on his own, at 18 years of age, and by hard work, diligence and ability became one of the most prominent businessmen in the province of Nova Scotia. He was chiefly concerned with lumbering, but was active in other lines of business as well. I will not take time to enumerate them but I would like to say that in 1956 he was Chairman of a Royal Commission which was set up in Nova Scotia to consider farm credits—long-term, intermediate-term and short-term farm credits—in that province.

We all know Mrs. Hawkins, who is a very fine woman. I am also well acquainted with his son George who is a lawyer and who was for some time Executive Assistant to the Honourable Wishart McL. Robertson when he was Leader of the Government in the Senate. George is a fine young man and highly thought of by everyone. Senator Hawkins was a good friend of mine and I am going to miss him very much. I am sure honourable members of this chamber also will miss him very much, as will his widow, his family, his relatives and numerous friends.

We all wish to extend to Mrs. Hawkins and her family our most sincere regrets at the loss of a good husband and father; but they will have many happy memories of him to sustain them in the difficult days that lie ahead. We mourn the passing of a fine man and a prominent Canadian.

Hon. W. Ross Macdonald: Honourable senators, I would like to join with the Leader of the Government (Hon. Mr. Aseltine) in expressing sympathy to Mrs. Hawkins and the members of her family, her son, daughter, and grandchildren, in the great loss which has so suddenly come to them.

Senator Hawkins was especially well qualified to sit in this chamber. He had a distinguished background. As a young man he worked in lumber camps, and had been a lumberjack. Eventually, by reason of his industry, integrity and reliability, he became the head of a large lumber enterprise. His life history should be recorded in more detail, for it would be an inspiration to all young Canadians to strive to establish for themselves a place in this country and to contribute to the welfare of their fellow citizens. I have said that Senator Hawkins was noted for his industry. No member of this house worked more intensely than he did: he was here every morning at eight o'clock and commenced his tasks early in the day, and he did not leave this building until they were accomplished. His integrity was beyond question; he was a man of whom it could be truly said that his word was as good as his bond.

Senator Hawkins was a reliable man. When he said he would undertake a task we knew he would do so. If he were asked to assume a responsibility, he would assume it and we knew that he would carry out his duties to the best of his ability.

I stated that as a young man Senator Hawkins started to work in lumber camps.

I think some of his accomplishments, as set forth in the *Canadian Parliamentary Guide,* wherein he is described as a lumberman, should appear on the records of this house. He was president of the Riversdale Lumber, Limited; a partner in Hawkins & Zwicker; a director of Minas Basin Pulp & Power Company, Limited; a director of Fairey Aviation of Canada Limited; a member of the Board of Governors of University King's College; a director of Nova Scotia Trust Company; a director of Canada Forestry Association; a director and past-president of the Nova Scotia Forest Products Association; a director and past-president of the Maritime Lumber Bureau; a director of the Canadian Lumbermen's Association; a member of the Nova Scotia Marketing Board; and a member of Gypsum Lime and Alabastine, Canada Limited. I am sure honourable senators will agreee with me that Senator Hawkins led a very active life. His abilities were recognized by the University King's College, which conferred upon him the honorary degree of Doctor of Civil Laws.

Honourable senators, we have lost a man who served his country well. Yesterday he was in the full bloom of health, in the vigour of manhood. Today he is with us no longer.

We all sympathize deeply with our deceased colleague's wife and family, who have lost a wonderful husband and father. He was, indeed, a prince among men.

Hon. Gordon B. Isnor: Honourable senators, I would like to join the Leader of the Government (Hon. Mr. Aseltine) and the Leader of the Opposition (Hon. Mr. Macdonald) in paying tribute to my departed friend, deskmate and room-mate.

The late Senator Hawkins was appointed to the Senate on the same day on which the same honour was bestowed upon me, May 2, 1950, and during the past eight years we have been closely associated. During that time there never was the slightest difference between us in respect to any matter which we were called upon to discuss and on which action was necessary.

He was one of the finest types with which one could wish to be associated—understanding, sympathetic and co-operative. Apart from the period of our close association in this chamber I had known Senator Hawkins for well over fifty years. He knew the same people as I did and he loved to talk about his early associations. It was on such occasions that one got a glimpse behind the scenes, so to speak, of his interest in his fellow men and learned of his many acts of kindness to his neighbours and friends. He was a man with a wonderful understanding and a remarkably sympathetic feeling for the needs of others. To me his passing will mean a real loss.

In the book *Postscript to Adventure* the late Dr. Charles W. Gordon, better known to our western senators, particularly those from Winnipeg, as Ralph Connor, started to write a tribute to his friend Dr. Clarence MacKinnon, of Pine Hill Theological College, Halifax, who had just passed to the Great Beyond. Dr. Gordon, who was ill and weak at the time, underwent an operation the next day and the tribute was never completed. It was the last thing that Ralph Connor wrote, and I am using thoughts there expressed as a tribute to the late Senator Hawkins. Part of the tribute reads:

> A common sorrow, a common loss, dearly loved and trusted, my old-time friend, comrade and fellow-worker has gone from our sight. The voice which so often charmed us is still; that smile of warm illumination that so often drew our hearts to him is no more.

This comrade was a faithful champion of the principles of Liberalism. We remember our late colleague with gratitude and tender affection.

Of his service to this country others have spoken. I think of Charlie Hawkins, as do many senators in this chamber, as a dearly loved intimate friend, loyal to the heart's core through all circumstances. We remember him and thank God for men of his type. His friendship enriched life for us and strengthened our faith in men and in God.

To his widow, to his son George, and to his daughter Edith, I join with those who have already spoken in extending sincere and heartfelt sympathy.

Hon. Arthur W. Roebuck: Honourable senators, I did not know our late colleague for as many years as did others here, but as Chairman of the Divorce Committee I was closely associated with him in carrying on an important piece of the work of this chamber. Much has been said of the late senator's contribution as Chairman of the Finance Committee. I would like to put on record the fact that he was one of the most industrious and faithful attendants at the numerous meetings of the Divorce Committee, and that he carried on that work while he was discharging his other responsibilities as Chairman of the Finance Committee.

As has been said, the late Senator Hawkins was a man who could be trusted with any responsibility, because he had a fine sense of public duty. He came on the Divorce Committee at my request, and he thoroughly justified his position. He was on many occasions chairman of one of the subcommittees

hearing both difficult and routine cases. He had a keen mind and a fine sense of sympathy and appreciation of the principles of justice. I speak, I am sure, for all members of that committee, as well as for myself, in saying that his place there can scarcely be filled from the membership of this house as it now stands. His wisdom, his willingness, his ability and his keenness of mind will be hard to duplicate, if not impossible. We of the Divorce Committee do regret his passing, not only because we have lost a valued friend and colleague, but because his place will be so hard to fill.

On behalf of the members of my committee I wish to join with other honourable senators in extending our fullest sympathy to his widow and family.

Hon. Wishart McL. Robertson: Honourable senators, in the passing of Senator Hawkins Canada has lost an outstanding public figure; Nova Scotia, one of her most prominent citizens; the Senate, one of its most diligent and useful members; and I, personally, have lost my best friend.

From his earliest days, it was inevitable that his great energy and qualities of mind and heart should have been attended by marked success in the fields of business and industry, yet he never lost the common touch. He was a wise counsellor and government, business and individuals alike sought his counsel. He had a deep sense of responsibility and public spirit. He gave unsparingly of his great talents for the benefit of all measures and activities affecting the public weal. When, eight years ago, he was summoned to the Senate he brought to this chamber all of the fine qualities that had made him so outstanding in his native province. I need hardly remind honourable senators of his faithful attendance at our gatherings, of the keenness with which he appraised all matters coming before us, of the skill he displayed in presiding over the meetings of the Standing Committee on Finance. He had attained the allotted span of three score years and ten, and it was characteristic of his whole life of activity that he presented his report on the Central Mortgage and Housing Corporation a day or two ago. But for his untimely passing, he might well have been moving adoption of that report at this very minute.

There is little I can say of sympathy to his widow and children in their great bereavement. To his widow may I say that, in the passing of her husband, we have lost a most highly respected and esteemed colleague; and, to his son and daughter and their families, that his name will long be remembered and revered by Nova Scotians of all walks of life, as one of her most gifted and patriotic sons.

For my part I have lost my best friend. Our friendship has been long and intimate. I, too, frequently sought his advice, always cheerfully given. Many long hours of pleasant and happy association are now only a memory. But I pay my personal tribute to a great character, a loyal friend and a happy companion. I shall miss him more than I can say.

(*Translation*):

Hon. Cyrille Vaillancourt: Honourable senators, it seems fitting that a French voice should join with all those who have just expressed their condolences over the sudden demise of our colleague.

Yesterday, at the end of the sitting, he adjourned the debate on the report which he had tabled in this chamber a few days ago.

I have known Senator Hawkins during the eight years he spent in the Senate. He was fair, generous, magnanimous and devoted to duty. He never accepted any task without being sure that he could do it and especially that it would be of use to his fellow citizens.

Yesterday, I sent a copy of the Finance Committee's report on the Central Mortgage and Housing Corporation to the General Manager of our housing co-operative. I told him that if he had any suggestion to make in connection with the report, Senator Hawkins would support him. This morning, when I arrived at the office, I was told of the demise of Senator Hawkins.

I feel very deeply the loss of a great champion of co-operatives. But I trust that the spirit which inspired him will survive. The best tribute to the departed is to keep their memory graven in our hearts and minds.

Senator Hawkins was an example of straightforwardness, of faithfulness and of hard work. After hearing the tributes just made, I hope that we will always remember Senator Hawkins and that we will endeavour to follow the example he set before us of trustworthiness and of willingness to serve our fellow citizens and our country.

I would like to offer my most sincere condolences to Mrs. Hawkins and to her children. May they be comforted by the thought that greater glory awaits us in the Great Beyond that can be found in our short stay on earth.

(*Text*):

Hon. Gray Turgeon: Honourable senators, I cannot resist an urge within me to say a word of tribute to a great parliamentarian, the colleague of ours who left us so suddenly this morning. I had the pleasure of being with him on the Standing Committee on Finance, and, for a couple of sessions, the

additional pleasure of being deputy chairman to him. In my Parliamentary experience I have never been associated with a man who worked with greater success or pursued in a more friendly mood the objectives of a committee. Now we have lost him; and I want to join with other honourable senators in saying a word of sympathy to his widow, to his son George, whom we all knew when he was here some years ago, and to the rest of his family. This chamber, as well as we individually, have suffered a great loss, and there is nothing we can do in connection with it except to voice our sympathy to the widow and the family.

Hon. John J. MacDonald: Honourable senators, I feel I would be remiss in my duty as a senator from a sister province if I did not make some reference to the passing of Senator Hawkins. I clearly remember that when I met him, at the threshold of this chamber, he said, "Senator MacDonald, if there is anything I can do to help you, let me know." I have always looked upon him as an outstanding gentleman. Starting on a shoestring, the worked his way up and made a tremendous success in business. Men such as he are of a type who, when their time comes, are deservedly mourned. Only yesterday evening, as on many previous occasions, I rode upstairs in the same elevator and walked the same corridor with him. It was indeed sad to hear this morning that his spirit has gone to the Great Beyond.

I want to associate myself with the honourable the Leader of the Government, the honourable the Leader of the Opposition, and all my colleagues in paying a sincere tribute to his memory, and extending my sympathy to his family.

LAKEHEAD HARBOUR COMMISSIONERS BILL

REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Acting Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill C-26.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (C-26) intituled: "An Act to incorporate the Lakehead Harbour Commissioners", have in obedience to the order of reference of August 13, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Brunt: Next sitting.

DIVORCE

REPORT OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's 331st report.

He said: Honourable senators, it is my duty today to make the final report of the Standing Committee on Divorce. I think my first words should be to thank the members of that committee for the confidence they have so long reposed in me in handing to me the duties and responsibilities of Chairman of that body.

This, by the way, honourable senators, is my seventh report. I assumed the chairmanship in 1953, five years ago; in 1957 there were two sessions of Parliament; so, counting those of 1953 and the present year, this is the seventh time that I have reported to the Senate on the activities and proceedings of the Standing Committee on Divorce.

I think my second word should be to express my very sincere thanks and gratitude to the working members of that body for their loyalty and conscientious attention to their duties and for the devotion they have shown both in attendance and in activities. They have given of their time and their talents to the work of this important committee, and I am indeed grateful to them.

I would like to pay special tribute to the Honourable Senator Gershaw. I single him out because his attendance record was 100 per cent, and he was the only one who quite attained that mark. Every meeting of the general committee and every meeting of a subcommittee at which he was required saw his attendance. He takes the first prize.

I should point out that the Honourable Senator Golding was in the same position for several years past. We referred to him on a number of occasions as "Old Reliable", because he was always present and ready to perform his duties. He continued to maintain his good attendance at this session, but I regret to report that early in the session he was stricken with a serious illness and, as you all know, has been absent since. However, it is with pleasure and relief I can report to my fellow members that the news with regard to his recovery is good, and I have every expectation that he will take his faithful place with us at the next session. If he reads my words—and I expect he will—I can assure him that he will be welcomed back by every member of our committee, and indeed by every member of this house.

I also note with regret that Senator Howden has been unable to attend this session because of failing health. In the past number of years he has been a most faithful member and his

extensive knowledge of medicine and mankind, and his sympathetic nature and keen mind have been a real help in carrying out the work of the committee. I express the hope, on behalf of all of us, that his strength will increase and that he will be with us again at the next session.

The absence of these two members, and now of our dear friend who has just left us, Senator Hawkins, presents a real difficulty. The absence of the two members I first mentioned created a considerable difficulty in the carrying on of our work during the present session. It was only recently I warned the house and the Government that we simply must have new appointments to the committee next session, appointments of persons who will realize the responsibility that the whole house has, and not any one person, in carrying on the work of this committee day by day, not in spurts. No one is exempt from that responsibility; it rests on the shoulders of all members of this house. I am sure that after this warning we will meet the committee's requirements next session.

Honourable senators, perhaps I would not be charged with tooting our horn too much when I say that on account of its membership the Divorce Committee has been a remarkable body. I justify this statement by saying that in the last five years, during which time I have presided over the committee, we have tried something in the order of 2,000 cases. I am proud to be able to say that in not one single instance have we divided: in every case we have made a unanimous report. That is very remarkable. It has not been due to any pressure, or indeed any attempt, to bring about unanimity. It has been due merely to the fact that we have had a common-sense and well-informed committee who knew the rules and knew their work, and whose thoughts consequently have run together. On no occasion has any member been asked or urged, or even had it suggested to him, to join with the majority in order to make a unanimous report. Yet, I repeat we have made a unanimous decision in every one of these 2,000 cases. I should add that not only have we been unanimous in our reports to this house, but our subcommittees, in their reports to the general committee, have never yet brought in a divided report.

Honourable senators, there is one point I would like to deal with, because it has been discussed here several times. My honourable friend from De la Durantaye (Hon. Mr. Pouliot) recently referred to the so-called "ditto" cases. He had in mind the common understanding and impression which so many people have as to the kind of cases that come before us. The general thought is that the respondent and co-respondent go to a hotel room, and that two professional witnesses, who are there to see what happens, later present the story to us. Knowing that this is not true in the main, I had some statistics prepared with regard to the so-called hotel cases. Incidentally, when I say "hotel" I include the motel, the rooming-house and similar accommodation. In other words, the hotel cases are those where the room in the hotel, motel, rooming-house or what-have-you has been obtained for the specific purpose of the act in question. These are outside what I might describe as the private-dwelling cases, where the alleged act has been committed in private houses, apartments or similar accommodation which is the normal abode of one or both parties. Here is the count for this session. Of 314 cases which we examined in order to get this information —nearly all the cases we tried—79 were hotel cases and 235 were private-dwelling cases. So roughly 25 per cent of the cases that came before us were these hotel cases. I think it should be borne in mind by our fellow members that we do not spend our time in trying miserable routine cases where perhaps the evidence presented to us has been manufactured.

In this connection, let me say a word in defence of the professional witnesses. It is easy to malign these men but I resent that attitude. In all the years I have sat on the committee we have had no reason to suspect the *bona fides* of these professional witnesses. My own thought at the moment is that they are perhaps more reliable than the run of ordinary witnesses who come before us. I say that because if at any time one of these men gave us good reason to suspect that he was making up evidence, not telling the truth or in any way trying to mislead us, he would no longer be acceptable as a witness before our committee. These men are doing this work day after day, and they come before us continuously and expect to do so session after session. I have in mind a professional witness who was convicted of some offence of this nature, and he came before us on a case in a subsequent session. I made the report on the case, with the reservation that it did not depend at all upon the evidence of that particular man, which was completely disregarded. He came to see me later on and wanted to know if we could not put up with him in some way—if he could not continue in the work, because it was his profession. I said to him: "I don't see how I can do anything, or how this committee can do anything. So far as we are concerned, you are all through". He never appeared before the committee again. Every one of these professional witnesses is subject to exactly the

same policy. If we ever find one of them making a false report, his usefulness before the committee will be at an end. In all my experience I have had very little reason to suspect that manufactured cases were being brought before us.

Honourable senators, may I now read the formal report made by me on behalf of all the members of the committee:

The Standing Committee on Divorce make their 331st report, as follows:

For the present session of Parliament 424 petitions for bills of divorce were presented to the Senate and dealt with by the Standing Committee on Divorce, as follows:

Petitions heard and recommended	319
Petitions heard and rejected	6
Petitions withdrawn	4
Petitions not disposed of (Last session 134 cases remained undisposed of)	95
Total	424

I may say it is usual for a certain number of cases to remain undisposed of at the close of every session. In this instance, as in others, we have tried every case that was ready to be tried, and which we were asked to try. The remaining ones which must go over to the next session are those in which the petitioners have not come forward or are not in a position to be heard because they have not completed the routine that is required to be completed before the actual hearing.

Hon. Mr. Macdonald: Do such petitioners lose their deposit?

Hon. Mr. Roebuck: No. Their cases can be transferred to the next session without any question as to the deposit.

The report continues:

Of the petitions recommended, 312 were from petitioners domiciled in the province of Quebec and 7 were from petitioners domiciled in the province of Newfoundland.

Of the 312 petitioners domiciled in the province of Quebec, 104 were husbands and 208 were wives.

It just happens that twice as many wives made applications as did husbands.

Of the 7 petitioners domiciled in the province of Newfoundland, 4 were husbands and 3 were wives.

Of the petitions heard, 12 were opposed at the hearing.

In that connection—and I see my seatmate, the Honourable Senator Croll, is not here—I would like to pay him a compliment, as I did in presenting the last report, for volunteering to act as chairman of the committee that heard a number of these contested cases. I think he heard about 8 of the 12 opposed cases. The Honourable Senator Farris, as chairman, heard one, and I, as chairman, heard two or three. Senator Croll's generosity in taking over these trying and troublesome cases is really worth mentioning; he did it for the very purpose of relieving me of that burden, which was rather too much for me to carry.

The main or general committee met 34 times during the session on 34 separate days. The general committee divided into subcommittees for the hearing of evidence in support of petitions, and these subcommittees held 84 meetings.

In 7 cases, where the petitioner pleaded hardship on account of straitened circumstances in respect to the payment of the full parliamentary fee, the committee recommended a partial remission.

The fees paid to Parliament for bills of divorce heard and recommended during the present session amounted to $66,215.

Assuming that all bills of divorce recommended by the committee, now in various stages before Parliament, receive the royal assent, the comparison of dissolutions of marriage granted by Parliament in the last ten sessions is as follows:—

1950	240
1951	294
1952	312
1952-53	282
1953-54	378
1955	402
1956	356
1957 1st Session	338
1957 2nd Session	187
1958	319

Honourable senators will see that the figures run fairly even and do not show any remarkable growth. Of course, some growth is to be expected.

Statistics covering the number of divorces granted in Canada during the years 1953 to 1957, both inclusive, (1958 for Quebec and Newfoundland), are as follows:

	1953	1954	1955	1956	1957	(1958)
Canada	6,110	5,922	6,031	5,890	6,610	
Newfoundland	9	8	1	5	6	7
Prince Edward Island	15	8	7	1	2	
Nova Scotia	185	249	253	230	250	
New Brunswick	181	117	181	215	206	
Quebec	273	370	401	351	519	312
Ontario	2,774	2,468	2,509	2,472	2,795	
Manitoba	374	371	337	314	305	
Saskatchewan	218	250	237	221	242	
Alberta	603	610	627	685	726	
British Columbia	1,478	1,471	1,483	1,502	1,559	

The figures for Ontario are the highest of all the provinces, and those for British Columbia are the next highest.

Hon. Mr. Haig: What is the figure for British Columbia?

Hon. Mr. Roebuck: 1,559, for 1957, is the last figure.

Hon. Mr. Haig: Is that the second highest for any province?

Hon. Mr. Roebuck: Yes. Ontario has the highest figures.

Hon. Mr. Haig: You know the reason why British Columbia's figures are higher than the others, I suppose?

Hon. Mr. Roebuck: I do not think I can give the reason.

Hon. Mr. Haig: I will tell you. In that province if a divorce is obtained today, the parties can move tomorrow to have it made permanent.

Hon. Mr. Roebuck: That cannot be done in Ontario.

Hon. Mr. Hayden: I think three months is the time allotted.

Hon. Mr. Roebuck: Yes, three months.

Hon. Mr. Macdonald: I cannot see how that would account for more divorces being granted.

Hon. Mr. Roebuck: Well, I do not know.

Hon. Mr. Dupuis: May I ask the honourable senator to give us details as to Quebec?

Hon. Mr. Roebuck: The figures for Quebec, I think, are highly creditable: 273 in 1953, 370 in 1954, 401 in 1955, 351 in 1956, 519 in 1957—that is for two sessions—and 312 this year. Quebec is a long way behind the province of Ontario and the province of British Columbia.

There is just one more point in this compilation. In only three provinces the number of cases in 1957 was less than in 1953, namely Newfoundland, Prince Edward Island and Manitoba.

Hon. Mr. Macdonald: Has the honourable senator figures for Prince Edward Island prior to the date on which the Divorce Court was established there?

Hon. Mr. Haig: Manitoba too.

Hon. Mr. Roebuck: I do not remember the date on which the Divorce Court was established in Prince Edward Island but I can give the figures for that province for 1953 onward. They are: 15 in 1953, 8 in 1954, 7 in 1955, 1 in 1956 and 2 in 1957.

Hon. Mr. Dupuis: The business is declining there.

Hon. Mr. Roebuck: Perhaps their relations are improving.

Hon. Mr. Macdonald: It may be the result of the Divorce Court being established.

Hon. Mr. Roebuck: Perhaps so.

The national divorce rate per 100,000 population granted in Canada in 1957 was 40.3, divided as follows:

Newfoundland	1.4
Prince Edward Island	2.0
Nova Scotia	35.6
New Brunswick	36.5
Quebec	10.9
Ontario	50.8
Manitoba	35.5
Saskatchewan	27.5
Alberta	62.6
British Columbia	104.8

The following statement shows a comparison between the number of divorces granted to husbands and wives respectively in the years mentioned:

	Husbands	Wives
1953	2,421	3,689
1954	2,337	3,585
1955	2,357	3,674
1956	2,279	3,611
1957	2,647	3,963

The average runs about 5 husbands to 7 wives.

That is the report, honourable senators. And now I have just a comment or two more to make, if you will bear with me.

Hon. Mr. Macdonald: If the honourable senator is finished with his report I would like to ask a question about the costs. He stated that some $66,000 was taken in in fees this session. Could he give the house a statement—it need not be exact—as to the cost to the Government?

Hon. Mr. Roebuck: I can do that, yes. We had a computation made by our accountants about two years ago and the average cost per case was set at $125. Our fee is $210. If honourable senators would like to make the calculation I think they will find that on the total number of cases heard we have a balance of about $25,000 or $30,000—I have not worked it out—above cost.

Now, I want to say a word, and I feel I must do it, about the faithful and efficient contributions in work by our staff. Honourable senators who do not sit on the committee or are not very familiar with its work will perhaps not realize how much work the staff does in preparing cases and getting them ready for hearing. There is the publication of the notices in the various papers and so on, the payment of fees, the reading of the petition in order to see that it complies with the requirements, and so on; and later on there is the actual calling of these cases and the constant discussion with the solicitors in charge in bringing them to trial

at certain times. There is a vast amount of detail involved, and the preparation and conclusion of 300 cases and more in one session is a task of unbelievable detail.

There is no place in this work for slovenliness or inaccuracy. The work must be well done and it has been. Under the direction of Mr. Armstrong, chief of the Committees Branch, the work has been done with meticulous care. The general management and the calling of these cases, the handling of them prior to hearing afterwards, has fallen upon the shoulders of Mr. John Hinds, a careful and well-informed officer of this house. I pay tribute to them both.

I think all the members of the Divorce Committee will join with me in paying tribute to the three registrars or clerks of the court.

Hon. Mr. Howard: Hear, hear.

Hon. Mr. Roebuck: I thank you for that "Hear, hear".

They exhibit intelligence, courtesy, faithfulness and good nature, and they have carried on this work so smoothly and well that that is perhaps one of the reasons why we are always unanimous in our findings, for we are under no tension. Those three men are Mr. J. D. MacDonald, Mr. A. Fortier and Mr. G. Lemire. There are others on our staff who are not so much in evidence as the three registrars but whose work nevertheless is important, and it also has been well done.

One is always tempted both in this house and in the committees to take for granted the work done by the *Hansard* staff under Mr. Lake. In the Divorce Committee it is particularly noticeable to those who understand what is going on. The reporting service is unobtrusive and, according to my memory at the moment, has never been called into question. Here in the house we sometimes ask for a correction to be made in the record, but I cannot remember a single case where anyone has asked for a correction in the records of this committee. You may say the work passes unobserved, but it does not. These reports go out to the parties interested, and were they not accurate we would hear about it, I can assure you. For that excellent work, painstaking and requiring a considerable amount of industry, I would like to pay tribute to Mr. Hagen, Mr. Shelton, Mr. Hubbard, Mr. Lemire, Mr. Crockett and Mr. Lawrence, all of whom attended our sittings.

One further word and I shall be through. I wish to thank the Leader of the Government (Hon. Mr. Aseltine), the Leader of the Opposition (Hon. Mr. Macdonald) and many other members of this house who have paid tribute to the industry which the committee has exhibited, and who have spoken so kindly on so many occasions of the work we have done. I assure you, my honourable colleagues, that your approval has been a real factor in the carrying out of this work.

Hon. W. M. Aseltine: Honourable senators, I feel I should say a word at this time because I know something of the work of the Standing Committee on Divorce, having been a member of that committee for more than 20 years, and a chairman of it for longer than I care to remember, in which time I had something to do with the disposal of some 4,000 cases of the kind the present honourable chairman has referred to this afternoon.

May I say that we appreciate very much having a man of his ability, qualifications and energy as the chairman of the committee. I for one do not know how we would get along without him. I hope that he will find it convenient to carry on again next session and for longer than that if Parliament is still required to dispose of divorces. I also join with the honourable chairman in thanking the staff of the Reporting Branch, the staff of the Committees Branch, and all the other persons he has mentioned, for the diligent and faithful work they have done, and for the assistance which they have rendered the chairman, the committee and Parliament as a whole.

Hon. W. Ross Macdonald: Honourable senators, the Chairman of the Divorce Committee has presented a most complete report on the work of the committee this session, and he has related that work to the granting of divorces by the courts throughout the provinces of Canada. His report is, I am sure, a very valuable one, and the house is indebted to him for having given this information.

I join with the Leader of the Government in commending the chairman and the members of his committee for the work they have done. It is not an easy task to be a member of the Divorce Committee. I take this opportunity to point out to the house that this committee sits five days a week; when many of us leave on Thursday night to go to our homes, not to return until Tuesday, the members of the Divorce Committee stay behind and sit on Friday, and again on Monday and Tuesday. They surely do their share of the work of the Senate, and we should all be very grateful to them. They do a necessary work, which will have to be done until, if ever, there is a change in the procedure for the hearing of applications for divorce from the provinces of Quebec and Newfoundland. The number is not lessening, and it is not likely to lessen in future

years; but we know we have a competent chairman and an able committee to carry on that work, and I congratulate them.

Report tabled.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck: Honourable senators, I beg to present a number of divorce bills, 21 in all, which are the last I will present at this session.

Bill SD-299, for the relief of Patricia Alleyn Burstall Corrigan.

Bill SD-300, for the relief of Charles Athol Gordon.

Bill SD-301, for the relief of Margaret Canuel Fraser.

Bill SD-302, for the relief of Jean Dick Joslin.

Bill SD-303, for the relief of Halbert James Haldane Kerr.

Bill SD-304, for the relief of Freda Levine Schubert.

Bill SD-305, for the relief of Mary Thelma Bourgeois Gaudet.

Bill SD-306, for the relief of Jacques Gerardin.

Bill SD-307, for the relief of Yolande Charron Fiorucci.

Bill SD-308, for the relief of Fernand Larouche.

Bill SD-309, for the relief of Mary Pelly Osborne.

Bill SD-310, for the relief of Leonard Lowrey.

Bill SD-311, for the relief of Josette Lacaille Johnston.

Bill SD-312, for the relief of Iona Gertrude Mary Adcock Dolphin.

Bill SD-313, for the relief of Maurice William Miller.

Bill SD-314, for the relief of Margit Szilagyi Rojzskies.

Bill SD-315, for the relief of Rita Jeanne Landry Benoit.

Bill SD-316, for the relief of Maria Eva Dorothe Deziel Lefebvre.

Bill SD-317, for the relief of Violet Mary Ward Gravel.

Bill SD-318, for the relief of Jean Phyllis Fensom Kell.

Bill SD-319, for the relief of Louise Giguere Boisvert.

Bills read first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: Honourable senators, with leave, I move the second reading now.

Motion agreed to and bills read second time, on division.

THIRD READINGS

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

Hon. Mr. Roebuck: With leave, I move the third reading now.

Motion agreed to and bills read third time and passed, on division.

BEECHWOOD POWER PROJECT

INQUIRY AND ANSWER

Hon. Austin C. Taylor inquired of the Government, pursuant to notice:

1. What was the total amount loaned to the Province of New Brunswick for the Beechwood Power Project?
2. What rate of interest is being charged the Province of New Brunswick for this loan?
3. Is the said interest rate subject to periodic revision and adjustment; if so, will this be done quarterly or half yearly; and, if not, on what other basis will the review and adjustment take place?

Hon. W. M. Aseltine: Honourable senators, the answer to the honourable gentleman's inquiry is as follows:

1. $29,500,000.
2. $3\frac{7}{8}$ per cent.
3. No.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, at this stage of every session it is customary for the Leader of the Government to announce on Thursday the sittings of the house for the remainder of the week and for the coming week. Would the honourable leader give some indication at this time of what the sittings are likely to be?

Hon. Mr. Aseltine: I expect we shall be sitting the rest of the afternoon, tonight, tomorrow and Monday afternoon.

PENITENTIARY BILL

THIRD READING

Hon. Léon Méthot moved the third reading of Bill C-21, to amend the Penitentiary Act.

Motion agreed to and bill read third time and passed.

ESTATE TAX BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Thorvaldson for the second reading of Bill C-37, respecting the taxation of estates.

Hon. Salter A. Hayden: Honourable senators, the bill before us is a very important piece of legislation, as, indeed, any statute imposing a tax would be, and particularly one of this kind, because of its far-reaching effect, entering as it does, directly or indirectly, into the lives and operations of most people, affecting them in a rather personal way, in respect of the estates which remain after satisfying all the demands of the cost of living and the infinite variety of taxes to which people are subject during their lifetime. So when a man who has been able to survive the onslaught of all the arms which reach out for a share of his earnings passes on, there remains, depending on the amount he has left, a problem in more or less degree, to which those who survive him have to give attention. And when I look at this tax, which in its nature is a capital levy on a great number of people, I find it difficult to appreciate why, when testators have conducted themselves in compliance with the law and have paid all the carrying charges of living in this country, what comes to them by way of savings must undergo a further reduction by way of a well-defined and usually substantial percentage thereof in the interests of the Government and the Canadian people in general.

However, there it is, and since it provides a source from which fairly substantial amounts of money can be expected to flow each year, it seems idle to speculate on the possibility that within the foreseeable future succession duties or estate taxes will be abandoned by provincial and federal authorities.

Before turning to some aspects of the bill, upon which I intend to speak for a few minutes, I want to acknowledge the valuable contribution which the sponsor of the bill (Hon. Mr. Thorvaldson) made yesterday in dealing with some of its main features. I hasten to suggest, however, that when in his opening remarks he stated that the law as contemplated in this bill is designed to overcome as far as possible features of the present legislation which seem unfair or severe, or impose in convenience on the taxpayer, I cannot admit that the millennium, taxation-wise, has been reached, that all those features which may be regarded as constituting unfairness, severity and inconvenience, have been removed, and that we have here an ideal bill in its most acceptable form. Should any honourable senator have such an idea, I believe he will soon be convinced that it is an illusion, because in some respects, in my view, the absence of desirable changes is continuing a situation which, certainly in respect of the valuation procedure, is completely unrealistic. In fact, I do not believe that, wherever one searched, one could find a more fantastic, fanciful and fictional formula for valuing an estate than the one you find in this bill.

Having said that, there are one or two premises I want to state before I proceed with the several points to which I intend to address my remarks. We must not assume, because on the right-hand page of the bill the words "no change", referring to some section of the present act, are inserted, that one may immediately pass on without reading the clause. My concept of a bill of this kind is that a new bill is before us. The fact that some condition in the present law is perpetuated is no reason why we should take it for granted. We should consider it in the same sense and with the same manner of approach as we would give to any other elements of the bill.

That brings me to the first point I want to make. From the explanation given by the sponsor yesterday it would appear that, so far as exemptions and taxation are concerned, the bill proceeds on a basis which is purely impersonal. I have in mind the matter of degrees of consanguinity, on which the tables in the present statute are based, where more consideration is given to closer relationships, and the degree of consideration is reduced as one moves further along the line of degrees of relationship. I may be old-fashioned, but I am a little concerned when I look at a question which affects the family, the continuity of family interests and family estates, and the position of family assets from generation to generation. I cannot feel impersonal on the subject. I feel that there must be some method by which the same result could have been achieved by recognizing the principle of degrees of consanguinity and blood relationship, and granting more concessions on rates as they apply to close relatives such as the wife and the immediate family, and making up for whatever increase is granted there by taking or levying higher rates in relation to the gifts which are made to those further out along the line. I am not alone in having that approach to the question. I know that in the statute law of Ontario, and certainly in some of the other provinces, it is provided that if a person dies without leaving a will the law writes a will for him, and the law writing that will for him provides a basis for the distribution of the estate, and recognizes very clearly this matter of blood relationship and degrees of consanguinity, by providing for the distribution in certain percentages to the widow and the children, with rates of tax which recognize that closer relationship. If there are no persons in this category to receive benefits, and distribution

of the benefits is made in an area which is farther out, containing no persons in that situation of close relationship, the present law imposes a higher rate of tax. To me that seems reasonable and understanding and is not getting away from just the little touch of humanity that we should try to get into a taxing statute. I would have felt much better had that principle been retained in this statute.

It may be said that other countries are imposing taxes on a percentage basis as is proposed here. I have not made any particular study of the matter, but I think you will find, for instance, that the United States statute recognizes in some greater degree the marital aspect in the accumulation of property which subsequently becomes an estate. In that way they give recognition to close degrees of relationship before they come down to the business of taxing.

Hon Mr. Bouffard: And the tax is much lower.

Hon. Mr. Hayden: Yes.

Having said that I do not know what more I can say on the point. The Government has presented us with a bill which proceeds on a certain basis or principle for imposing tax. It does not recognize at all the question of such personal relationships. There may be a widow and there may be children—

Hon. Mr. Thorvaldson: Those things are recognized in this act.

Hon. Mr. Hayden: I am glad my honourable friend made that interruption. I was going to say something later on about the point, but I might as well do so now. My honourable friend says that the bill does recognize these people. All the bill provides in this respect is that if a man dies and leaves a widow there is an exemption of $60,000; in other words, $60,000 of the estate that he leaves is not taxed. The law does not say that he has to leave the $60,000 to his widow. It merely provides for this exemption because he has a spouse who survives him. The law might just as well provide for an exemption of $60,000 if the Prime Minister of Canada, say, has red hair, and for an exemption of only $40,000 if he hasn't got red hair.

The point I am trying to emphasize is just how impersonal the approach to all this has become. Let us go a little further. When the position is reversed and a deceased wife leaves an estate, the exemption will be $60,000 if the surviving husband is infirm and if there is at least one child under 21, or one child over 21 who is infirm and who is dependent on the surviving husband or wife or on both of them at the time of the wife's death. If that is not impersonal I don't know what is. It does not proceed on the basis that any part of the estate has to be left to an infirm husband or infirm child under or over 21; but simply on the basis that there is a husband who is infirm.

The definition of "infirm", in section 58, presents some interesting aspects too. According to this definition an infirm person is one who is incapable ordinarily of pursuing any substantially gainful occupation. I don't suppose it would be much of a problem to reach a conclusion with respect to a child under 21. All I can say is that we should be thankful that the word "substantially" precedes the words "gainful occupation". But what do the words "incapable ordinarily of pursuing any substantially gainful occupation" mean? Do they mean incapable in the ordinary way of pursuing some substantially gainful occupation as a matter of day-to-day application by a person to some particular duty or task? What of a situation where a professionally trained man becomes incapacitated to the extent that he cannot follow his ordinary occupation any longer but is able to carry out the duties of an attendant in a cloak room or something of that kind? Does it mean that he is not infirm for the purposes of this section? There is some saving, of course, in having the word "substantially" in the clause, and for that I am very grateful. However, it seems to me there was a very simple way, if any thought had been given to this section, of dealing with this situation.

The same exemption should have been provided in the case of a husband surviving his wife as in the case of a wife surviving her husband. I don't know why there should be any difference. The bill could also provide a special exemption if at the date of death the surviving husband or surviving wife was infirm, or if there was an infirm child that was dependent. It would seem to me that this would be the human, natural and reasonable way of dealing with this phase of the law. In the face of these considerations the sponsor of the bill still tells me the statute recognizes degrees of consanguinity. All I can say is that it is the strangest, oddest and most unusual kind of recognition I have ever heard of.

Hon. Mr. Thorvaldson: I did not say that it recognized degrees of consanguinity. It doesn't do that, but it does recognize dependent interest.

Hon. Mr. Hayden: All I say is that it makes use of the wife, the husband and the infirm child solely as a measuring stick to determine whether something shall be this, that or the other thing. If that is exercising any personality or humanity touch, then my conception of it is completely wrong.

I come now to several aspects of the bill with which I wish to deal. The first one is this. Something has been said about the provincial credit which this bill continues. What is meant by a provincial credit? The federal authority taxes an estate, and the provincial authority—now Ontario and Quebec—also tax the same estate. Under the existing law there is an abatement in the federal tax to the extent of 50 per cent of the tax that relates to the property taxed in Ontario or Quebec. So it is based on the provincial taxes paid. Under the concept of the bill there are two categories of taxpayers at large. In one group are the persons domiciled in Canada at the time of death, and in the other group are persons who are not domiciled in Canada at the time of death. The first group is covered in Part I of the bill and the second group in Part II of the bill. When people domiciled in Canada die, there arises the problem of taxation both federally and provincially. So far as a tax credit is concerned, the bill now provides that such a person's estate in Ontario or Quebec is entitled to a credit or abatement of 50 per cent of the tax payable in respect of property of that person dying situate in Ontario or Quebec. What does that mean? It means that less than 50 per cent abatement measured in terms of provincial tax is granted, for the reason that if a person in Ontario has property in Alberta, Saskatchewan and British Columbia or Prince Edward Island, and it comes into the Ontario taxation because there is a transmission of that property to some person living in Ontario, and then Ontario taxes, but the 50 per cent exemption obtainable under this bill does not extend to include any of the taxes payable because of the transmission in Ontario of property situate in another province. Therefore the federal authority gives less than 50 per cent credit and less than is given now. I find it difficult to understand this, for when we come to Part II, which deals with the estates of non-domiciled persons, the 50 per cent exemption or abatement is based on the property on which provincial taxes are paid.

Now, if you can do it for a non-domiciled person, I would like to know what good reason there is for not proceeding on the same basis for a domiciled person. So much in relation to that aspect of the matter. If there is going to be a change in the law I suggest that it should not be a change which has the possible effect in some cases of lowering the amount of the exemption—abatement in taxes, is a better expression—and imposing a sum total, a larger amount of tax, than would be imposed under the present legislation.

There is another matter to which I wish to call attention. The language of the bill, in section 9, deals with a "prescribed province"; that is, this allowance or abatement is in relation to property that is situate in a prescribed province at the date of death of a person domiciled in Ontario. Then if you go to the definition section you will find that the word "prescribed" is something that is prescribed by the Minister. If you look at the explanatory note on the right-hand side of the page, of course, they tell you that this is intended to apply to the provinces which have not vacated the field of succession duty under the tax rental agreements. But I say there is a looseness there, because nowhere in the statute is there prescribed how you determine what is a prescribed province, other than that it is at the discretion of the minister. The section says you are entitled to the abatement of 50 per cent in relation to property situate in a prescribed province at the date of death of a person domiciled in Ontario; and it says what "prescribed" means, and who prescribes; but as to how he prescribes, and to what extent, the statute does not say anything. Surely, if the statute is going to be complete there should be some definition or some—

Hon. Mr. Brunt: They can also prescribe by regulation.

Hon. Mr. Hayden: That is right, but what I say is that if you can prescribe by regulation how do you know to what extent? What rules are going to govern?

The second item I wish to deal with is tied up into the question of taxation of insurance policies, superannuation, pensions, death benefits, voluntary payments on and after death. I want to consider those in a group and to indicate just what the state of the law is. I think it is time we had a very serious look at the whole situation so far as the taxation of pensions is concerned. So far as insurance is concerned, of course, the ordinary course is that if a person who dies has a policy on his life which is payable to his estate or his wife, the proceeds are brought into the estate. It is difficult to raise an objection to that. Or if he has a policy payable to a trustee and the trustee has certain directions as to how to dispose of the money at any time during the lifetime of this man who subsequently dies, and the deceased could in his lifetime alter the terms of that trust, again it is difficult to put forward any basis of sound reasoning that is not part of a man's estate at the time of his death.

Also, under the present law in the case of personal corporations, if a personal corporation carries insurance on the life of the chief shareholder, then whether the proceeds

are payable to the shareholder or to the corporation or payable in any other manner, for purposes of arriving at the amount of the estate the proceeds of the policy are brought into the estate. Frankly, I would have difficulty in trying to raise a solid argument that would satisfy me that those proceeds should not go into the estate. But the bill goes further and provides that where a policy of insurance is taken out on the life of a man by a company that is controlled by him—not a personal corporation, but by a company that is controlled by him; and "control" is defined as meaning a company that is controlled—the man himself does not have to hold a majority of the shares so long as he and persons related by blood, by marriage or adoption, or by any other method of agreement hold in all a majority of the shares; and in those circumstances if that company takes out a policy of insurance and the proceeds are payable to the spouse or to the child of this chief shareholder, it forms part of the assets of the estate. I have a little more difficulty in accepting that. So long as it is a personal corporation I have no difficulty. But when I go further and envisage under a controlled company, that these shareholders may not be speaking acquaintances, and, secondly, that the control may subsist only because they have 51 per cent, and it is manufacturing business, in which 49 per cent is held by other people, and it may be to their interest, too that this insurance should be provided, I can make a little better argument for excluding all the proceeds of such a policy where a controlled company is not a personal corporation.

The case where I think I could make a solid argument is the next one, where you have such a controlled company, and the policy of insurance is taken out on the life of the chief shareholder, who may not be the majority shareholder himself, and the proceeds of the policy are payable to the company itself, not to his estate, not to his widow, not to his children, but payable to the company itself and the proceeds are to be taken into the assets of the estate.

Hon. Mr. Macdonald: That is, to the man who paid the premiums?

Hon. Mr. Hayden: And the company has paid the premium. The only connection of the company with this man is that he himself may be the majority shareholder, or he or his blood relatives, or some relatives by marriage or by adoption, or by some other agreement, may control the company to the extent of 51 per cent. Then it says those proceeds come into the estate. Fortunately, they put a limitation on it which takes some of the sting out, and the limitation is this, that they say that in those circumstances you take the profits of the business of that company for the year in which the man died, and for the four preceding years, and you deduct from that the losses and you arrive at a figure—it may be $200,000 or $500,000, whatever it is—and then you look at the amount of the insurance. If the amount of the total profits less the losses is greater than the amount of the insurance, then there is nothing to bring into the man's estate. In other words, they adopt that formula to demonstrate that the company had an insurable interest. But my concept of the insurable interest of a company does not depend upon that result being achieved, because the man may over a period of years have made very substantial contributions to the company, which may have fallen on evil days. Therefore, I say that by the broadening of the definition, getting away and moving much farther out than in the field of personal corporation, I have difficulty in following and accepting this principle of taxation of the proceeds of such insurance.

Hon. Mr. Macdonald: What are the provisions under the present act with respect to those matters?

Hon. Mr. Hayden: It only relates to proceeds of a personal corporation. In other words, personal corporations as we ordinarily understand them.

Hon. Mr. Brunt: The present act does not refer to controlled corporations, I understand?

Hon. Mr. Hayden: No, it refers to personal corporations.

Now, moving on from that, since the question of pensions and death benefits enters into this picture, I should like to say something about that. If this becomes law, any man who may find himself in the position where he or his relatives have as much as 51 per cent of the stock of a company would be very, very smart if he made a present of 1 per cent to a complete stranger.

Hon. Mr. Howard: Yes.

Hon. Mr. Hayden: Then the provision would not apply.

Hon. Mr. Thorvaldson: But in doing so he would lose control of his company, would he not, and that might be important?

Hon. Mr. Hayden: He would not lose effective control by reason of the 1 per cent, I would say. I do not think that would be a serious trouble at all.

The real point in all this, I think, is the provisions in relation to pensions under the

present law and as perpetuated in this bill under section 3 (1) (k), which says:

—any superannuation, pension or death benefit—

The words "death benefit" are new.

—payable or granted

(i) out of or under any fund or plan established for the payment of superannuation, pension or death benefits to recipients, or

(ii) out of the revenue of Her Majesty in right of Canada or a province or under or subject to any act of the Parliament of Canada or of the legislature of a province,

on or after the death of the deceased in respect of such death.

The pension that accrues to the widow of a civil service employee, to the widow of a judge, to the widow of an employee of a manufacturing company, that whole range of pensions is valued as determined by a method of capitalizing the value. They get out their mortality tables in that strictly impersonal way and they will take the age of the widow who may be entitled to the pension and they determine her life expectancy, they take the amount of the pension and they capitalize that, I think at 4 per cent interest, and they say that is the capital value of the pension. That amount is then brought into the estate as an asset of the estate, increasing the capital value of the estate and therefore, if the estate is taxable, increasing the rate of duty or tax payable on the estate.

Hon. Mr. Haig: Do they not do that now?

Hon. Mr. Hayden: Yes. But what I said earlier, Senator, was that in my view this is one of the two most important aspects of this bill and of the present law. I said before and I repeat, that whether the pensions are built up over a lifetime of contribution by a deceased person and by a corporation for which he is working or whether there is a voluntary payment by the employer after the employee's death, that whole field should be examined at this time. My reason for saying this is that it appears in the ordinary way to be the most available and possibly the only way in which people in ordinary circumstances can assure themselves that if and when they pass on there is something there in the way of income for the widow after their decease, and by imposing this capitalized value and making it an asset of the estate, if the man leaves any other assets they may be subject to estate tax, imposing very heavy burdens.

Now, honourable senators, that is my approach, that is why I am developing the point. As I said in the beginning, I am not concerned that that is the present law. We are reviewing what shall be the future law in Canada in relation to federal inheritance taxation, and I say that at this time we should look at this field because it is an important field. Now, in addition to these pensions being valued and taken into the assets of the estate there is also this provision in section 3 (1)(i) of the bill, on page 3, dealing with the property that is included when computing the aggregate net value of an estate:

—property disposed of by any person on or after the death of the deceased (i) under any disposition made voluntarily in recognition of services rendered by the deceased as an employee of that person or as an employee of any other person, or (ii) under the terms of any agreement made by the deceased for valuable consideration given by him providing for the disposition of such property on or after his death . . . etc., and so forth.

What that means is that even in the case where an employer may after the death of his employee say, "This man has been a faithful employee for a great many years and I am going to make a special grant or confer pension"—and, honourable senators, there are a great number of places in industry where a pension plan is not available to the employees or where the pensions are not very great and the employer decides he is going to supplement that—well, if he supplements that, under this section it is a payment which must be valued and capitalized and brought into the assets of the estate.

Hon. Mr. Macdonald: Is that new?

Hon. Mr. Hayden: That is not new, no. The only phase of these two sections is the question of death benefits.

Now, here is what I have to say on this subject: so far as valuation is concerned, and it must necessarily come into what I am saying about pensions, I say that the basis of capitalizing and determining the value as I have indicated is completely unreal and is completely unfair. And let me tell you why: because, first of all, as that payment goes out each year thereafter to the widow it is subject to income tax. Why should there be capitalized in the value of a pension the element of tax that is charged against that in each year in which the widow survives and receives a pension? I cannot appreciate it as being of any benefit to her or as having been of any benefit to the deceased. The only explanation that was given in the other place when this question was raised was: Well, this is a capital tax which is imposed once and for all, and income tax is something entirely different, so let us not mix the two of them. But I say the two of them are mixed, they are inevitably and inextricably mixed in that amount of pension, and when you take a widow's pension which is usually related in some percentage to what the husband would be entitled to get—

Hon. Mr. Brunt: The widow usually receives one-half of her husband's pension.

Hon. Mr. Hayden: Then if there are any other assets it does not take a very big pension, especially if the widow happens to be relatively young and has quite a life expectancy, to capitalize into a very substantial amount of money. I say the whole concept of it in the circumstances in which we now live is completely wrong. We have been encouraging the creation of pension plans under our income tax law, we have encouraged the setting up of pensions, and even recently in the last year or so we permitted a broader scope for pensions whereby a self-employed person can create a scheme of pension for himself, and we permit deductions from income, and the basis of income tax is that when that money is paid out in the form of pension benefits they take their place in the category of income and are subject to tax in the ordinary way.

This scheme of pensions we have encouraged, and it is a form of thrift that is highly commended and is highly desirable, people being thrifty and providing for themselves rather than saying, "We are going to spend as we go and spend ourselves and our country into prosperity", as I have heard it stated in this chamber once or twice in the last year, "and then at the end of the road whatever will be, will be." Surely as against those two concepts there is no question of the one that we should favour in the interest of having the best kind of social and national outlook and thought. It is the thrifty people who give some thought to tomorrow and the next day as well as to today. There are a number of things we should do, in my opinion, in dealing with pensions. I think we should draw the line and establish a minimum pension that is exempt—say $75 or $100 a month—and if the pension that falls due on the death of a person does not exceed that it should not from any part of the assets of the estate. If it exceeds that, I suggest we should have a formula to apply, which would make some allowance in the capitalization of the value for the element of income tax. In working out such a formula possibly they should take a look at the survivor to see whether he is the healthy man on which the tables are based, or is a very sick man; unless he is a healthy man the Government will end up by collecting a lot more money than it would in the ordinary way. The situation is this: where an estate is subject to taxation on the basis of capitalization of the value on a mortality or life expectancy basis, if the survivor does not prove as healthy as the tables are drawn, the Government has been paid more money than it should be paid, and after the death of the beneficiary there is no way in which that money can be reclaimed.

I know what the answer will be to such a suggestion. It will be to look at the other side of the picture, at people who live longer than the mortality tables indicate. My reply would be that I would be perfectly prepared to let the acceptance or rejection of my suggestion depend on a calculation prepared in two columns, one in which you put the number of survivors who live longer than the life expectancy that was attributed to them in the capitalization of the pension under mortality tables, and in the other column you put the number of those who died earlier than the life expectancy attributed to them. I would venture to say that those who survive the life expectancy of the mortality tables would be in the minority.

There is one more significant thing I wish to draw to the attention of the house, and then I shall be through with this phase of the bill. I refer to the use of the words "on or after the death of the deceased". I try not to be suspicious, but the use of the word "after" rather intrigues me. A man dies, his pension is payable on his death to his widow, or there is a superannuation plan, or a death benefit plan, but why then should the department reach out with the word "after", which would cover voluntary payments where there was no agreement or understanding before death. This is the situation where an employer was so moved by reason of the death of the employee, or the conditions in which the widow was left, or because of the high regard he had for the employee, to want to do something more beyond what all the documents and trust deeds provided. I am afraid the word "after" there gathers that up and makes it part of the estate on which the capitalized value is determined. I am afraid that is the intended significance of the word "after". Frankly, I do not think the word "after" should be there.

If an employer is generous after the death of an employee, over, above and beyond all the things written out in the trust documents we, as the federal taxing authority, should not reach out and say we want our share of that as a capital levy. It must be remembered that we still get a share of it each year that it is paid as income. Let us not be too greedy on that point, I suggest, because there is a larger principle involved, namely, that pensions, voluntary payments, superannuation and the like, are such a good thing, and encourage people greatly to make provision for themselves in this fashion by instalments during the years when they are working and earning, that we should not do anything to raid those accumulations by a capital levy and thus decrease the amount

that would pass on to the beneficiary, without giving it most serious consideration, or at least, I suggest, without establishing some minimum level below which the federal authority would not seek to impose any tax. I think the province of Ontario has such a minimum level. I do not speak with any authority on that point, but something stirs my recollection that there is such a provision.

Hon. Mr. Brunt: In the province of Ontario there is provision whereby, if under a document entirely outside of your will you set up an annuity for your widow, the amount requiring you to provide an annuity for $100 a month will be exempt.

Hon. Mr. Hayden: Thank you.

May I summarize this point? I think we have reached the stage in Canada, in relation to the whole subject matter of superannuation, death benefits, voluntary payments—call it by whatever name you like—and recognizing the well-intended purpose of such things, that a parliamentary committee should be established to review and study the impact of taxation, not only federal inheritance or estate tax, but also income tax, in relation to the sums of money and pensions and purposes involved.

The flight of money into that field in large amounts can be prevented by establishing limits that are sacrosanct and cannot be encroached upon by taxation, especially by capital levy. There is no difficulty in that regard at all. It is not an argument to say that if that field were left open all the money would flow into it. You can remedy that situation by establishing reasonable limits.

On the question of valuation, which I stated to be my second point, under this bill—and indeed I think under the present law—it is stated that valuation must be made without regard to the element of income tax. The point is that if you are valuing stocks which are listed you take the closing quotation on the day on which the person died; and if the stocks are not listed, you try to find a financial report, or a broker who has made a bid that day, which could be considered a closing bid for that day, and that is the price you take as the value of the shares.

But the bill goes on and refers to "controlled company". Now, this "controlled company" must be an awful thing. Whoever drafted this bill must at some time in his earlier life have been frightened by a controlled company, because it is the bugbear, the terrifying monster, that rears its head at various places in this bill. Any layman reading the bill would wonder what sort of creature was a controlled company, that it must be singled out and especially dealt with in this particularly severe way in various sections of the bill.

On the question of valuation, reference is again made to the controlled company. It may be a manufacturing company, a financial company, or a closely held personal corporation, but it is a controlled company if it is controlled by a combination of people related by blood, marriage or adoption. In such case the stock may be listed, but you cannot take the listed price. There may be a price in a financial journal of that day, but you can't take that; or there may have been a bid from a broker that day, but you can't take that. All those avenues are closed, and you are back to the question of fair market value. But how, in that context you are going to arrive at fair market value, I don't know, especially when you consider one or two of the other things that are put in this bill.

This is what the bill says: if a deceased person and his relatives have 51 per cent of stock of a controlled company—he himself may have a minority interest, or less than 51 per cent, but if he dies under those conditions, having associated with him some blood relatives or persons related by marriage or adoption, whose holdings total 51 per cent, then, lo and behold, the magician on the stage does nothing in comparison with the magic of the provisions of this section of the bill, because it says in those circumstances a minority becomes the majority. Fancy that! All they do is say some magic word and the minority shares become the majority shares.

Take a deceased person who has died holding a minority interest; you treat his share holdings on the same basis as if they were a majority holding and you value them on that basis. Now, tell me where in common sense would you be able to sell a minority interest on the basis of a majority holding? In order to make the majority holding you would have to go and make a deal with those other shareholders. You can well imagine, if they feel you want to get control, what kind of deal persons holding 2 to 5 per cent of the shares that would provide a majority would want to make. When a man dies in those circumstances, how you can say some magic words and in those circumstances the minority shares become the majority shares, passes my comprehension.

In the committee of the other place they attempted to bring in an amendment—

Hon. Mr. Howard: At what page, please?

Hon. Mr. Hayden: I refer to section 28, page 27, lines 19 to 21.

In the committee of the other house an attempt was made to amend section 28 at lines 19 to 21 by striking out those words dealing with the valuing of minority shares in the fashion which I have outlined, by adding the words:

—unless it is established that the deceased and such one or more other persons were persons dealing with each other at arm's length.

So the old "arm's length" theory comes up again.

Hon. Mr. Aseltine: I think you introduced those words into the Income Tax Act, did you not?

Hon. Mr. Hayden: I thank my honourable friend very much for his suggestion that my views could have had any effect on the introduction of such a provision, but I assure him that I had absolutely nothing to do with anything of the kind, and I have been at all times a violent protester against any such measure for determining relationship. In my opinion, as the years go by, these expressions "arm's length" or "not at arm's length" have become more and more impossible to deal with. The estate must establish that it was dealing "at arm's length" with blood relatives and those by marriage and adoption. How do you do that? I suppose the simplest way would be to establish that for a considerable time before this man died he did not even speak to his relatives, or that he hated them, or that, although he had adopted a child, he did not speak to him. That, I take it, is one way in which it could be established that the dealing was at "arm's length". Frankly, I find it a most baffling sort of thing to be presented as supposedly softening the severity of the section, and why the bill is cluttered up with a solution of this kind is difficult to fathom. For the definition section indicates what is meant by blood relationship and relatives by marriage or adoption. However, it seems that that is not enough, because in subsection 2 of section 28 language is used which, at the risk of imposing on honourable senators for one minute longer on this point, I will read to you. See if you can tell what it means:

(2) For the purposes of this section, a corporation that, immediately prior to the death of a deceased, was controlled, whether directly or indirectly and whether through holding a majority of the shares of the corporation or in any other manner whatsoever, by the deceased, by one or more persons connected with him as described in subsection (1), by the deceased and such one or more other persons or by any other person on his or their behalf shall be deemed to be a person connected with the deceased as described in subsection (1).

Of all the mumbo jumbo! But I think I can see what they are trying to say. In the first subsection they establish how parties may be said to be connected; that is, shareholders connected by blood, marriage or adoption. But they feel that maybe there is left some kind of a way of escape so they had better define in the second subsection how it is possible for the company to be connected with the shareholders in a certain way. It presents some problems, but it does not add anything to my understanding of the situation.

One thing which is added has to do with the case of a controlled company, of an individual as well, in certain circumstances of outstanding debts at death. If there was money owing by such company at the time of death, or if some person was identified with you in this relationship, and, say, you advanced money two years before you died to such person or such company on a fixed basis, for instance a time note payable in five years, and there might be two or three years to go after the man's death, we have to put this awful controlled corporation, or anybody who happens to be connected in any way, in a special category, and in such case it is not permissible to establish the present value of the debt on the basis that it has two or three or five years to run, but only on the basis that it is immediately payable. Talk about a fantastic and fanciful formula! I think if I had time I could find a lot more adjectives beginning with "f" for that formula, to cover the kind of treatment given to this awful entity known as a controlled company.

I have tried not to labour this too much, but my suggestion is that the method of valuation is unrealistic. In the United States they permit optional methods, and if there is any sale meanwhile, the price establishes the value.

Hon. Mr. Euler: Who has the option of selecting the method?

Hon. Mr. Hayden: The estate. For our purposes a year may be too long. We make the tax payable within six months after death. I am sure the revenues would not suffer, and the persons involved in the estate would feel they were more fairly dealt with, if this optional basis of valuation were permitted; because the one thing—usually—that a man or woman cannot control is the date of death; that is, unless he has suicidal tendencies. From my own experience in dealing with estates I could mention cases where the date of death provision has been most unfortunate. The death occurred when the market was at the peak, and the market kept going down; the tax was based on the value of the securities at the date of death, and a substantial part of the estate was eaten up by taxes because, since a valley had

developed in the market, the price recovered from the sale of shares to meet the payment was much less. My suggestion for ironing out this difficulty is to have optional dates —the date of death, or six months afterwards, or the price realized from a sale meanwhile.

Hon. Mr. Aseltine: For all kinds of property?

Hon. Mr. Hayden: Yes.

Hon. Mr. Aseltine: Everything?

Hon. Mr. Hayden: Yes. What better test of true value could there be? Surely we are interested in the true value. Surely the federal authority is not interested in getting any higher figure than the true value. We do not need all these fanciful and fictional values. The duty must be paid in six months; meanwhile estate assets must be sold to realize the money. What better or fairer test of the value could there be than the amount realized from the sale to pay the duty? That seems to me the fairest and simplest way.

I have stated the method which is followed in the United States, and I do not need to elaborate on it. Possibly I have taken more time on these points than I should have done. However, there is just one other thing I want to speak about. It is the provision that income tax cannot be a factor in the determination of value. That is the present law and you will find it in section 26, on page 26 of the bill, which reads:

> For the purposes of this part, in determining the value of any property no allowance or deduction shall be made for or on account of income tax.

The market always takes into account the possible tax liability. In other words, if a company has a possible exposure to tax liability its shares will sell for less. But how can you say you can arrive at a fair value if you ignore the factor of income tax? You have an income tax liability, and I have described how that works in relation to pensions and how it continues each year. I cannot see how in relation to an asset on which income tax may be payable you can ignore that as a factor of value. It seems to me that income tax is an element just the same as anything else. I am not saying it is an exclusive element but I say there should not be a prohibition against determination of the fair market value, taking into consideration the possible impact of income tax.

The only other thing I want to point out is that when this bill becomes law the executors will certainly need to consult their lawyers very, very carefully. They have a very serious liability imposed on them. For instance, you will find under section 3 of the bill that property which is part of an estate for tax purposes may never come into the hands of the executors. It may be something that the deceased person gave away two years before he died; but anything he gave away within three years of his death is part of the estate for tax purposes. That is the present law. The executor may not know that such a gift has been made but if he goes ahead and distributes the estate and distributes some part of it to the person who may have been the recipient of a gift, then he is liable for that tax unless he can show that he exercised all due diligence and took reasonable precautions to ensure that the amount payable by him was payable in full, because his obligation is not to pay anything to any person who may be liable for tax otherwise in relation to the estate without retaining money to pay that tax. If it is demanded of him he also has an obligation to pay the tax on these amounts which may never come into his hands. It is certainly making more onerous the position of an executor. I think it was suggested somewhere in the course of the consideration of this bill "Well, the executor can go to work and make inquiries." But when does he know he has reached a stage where he has exercised all due diligence and taken all reasonable precautions? Is there any place he can ever get a release? Is there ever a time when he can go to the department and the department will say to him, "Yes, you have done all that can be expected of you. You have exercised all due diligence and we acquit you."

Hon. Mr. Brunt: There is the four-year period.

Hon. Mr. Hayden: I know there is a limitation period except in the case of fraud, but there is no provision for the executor ever being released or discharged from his responsibility. It may be that these words are the best ones they could get, but I suggest that careful thought should be given to this. There should be some provision under which the executor should be able to get a release and discharge. A trustee in bankruptcy or even a debtor can get a discharge so why should the executor have to wait until the statute has run out? Mind you, the statute may not run, because in some other aspect of the estate quite unknown to the executor there may be an element of fraud that keeps the time from running. We should be careful about the revenues of the country, for the country needs these revenues, but we should also be careful that we are not making the duties being imposed upon executors too onerous. We should provide them with some method in which, after a reasonable time, they are through. The federal

authority can always pursue a person who has got money improperly.

Honourable senators, there are many other things in this bill that I have not dealt with. I have deliberately not done so because I feel in all this enumeration of what constitutes property of an estate on death involves items that are difficult and particular. The only principle you could find running through them is getting as much into an estate as possible, and it is pretty hard to debate that principle. This seems to be an aspect of the legislation that might more properly be considered in committee than in a discussion on second reading when we are trying to keep more broadly to the field of principle. When I talked about the approach to pensions and insurance values I felt I should do so to the extent I did as a matter of exposing what I think the law is and what this bill does. I think there should be some change in it and that honourable senators should give serious consideration to these points before we permit this bill to pass into law.

Hon. Arthur W. Roebuck: Honourable senators, it is not my intention to engage in a general discussion of this bill. That will be taken care of by the honourable gentlemen who have already spoken and by others who follow me. I wish to make just one point, and in a non-controversial way. I wish to call it to the attention of the authorities and others concerned for correction, I hope, later on.

It has already been said that this bill is not the last word. I am sure this is true and that there will be revisions and amendments from time to time. In this country there are a great many branches of charitable institutions, such as churches, with headquarters across the international line in the United States, and some in England and in other countries. When a member of a church makes a bequest to his church which has its headquarters abroad, his donation is not exempt from taxation in the valuation of his estate. However, if his donation is to a charitable institution within this country, then the value of the donation is exempt. That has been the law in the past and it will still be the law, according to this bill. I direct the attention of honourable senators to section 7 (1) (d) of the bill at page 10, which provides for exemption of:

(d) The value of any gift made by the deceased whether during his lifetime or by his will, where such gift can be established to have been absolute, to

(i) any organization in Canada

I draw attention to the words "in Canada".

—that at the time of the making of the gift, was a charitable organization operated exclusively as such and not for the benefit, gain or profit of any proprietor, member or shareholder thereof,—

If that charitable organization is in Canada, the value of any gift to it is deducted from the taxable portion of the estate.

Honourable senators, it has been held that churches are charitable organizations. As we all know, a number of churches in Canada have headquarters across the international line. The point that I wish considered is the fact that the rule is different in the United States, where if a testator makes a gift to a charitable organization whose headquarters is in Canada the gift is exempt from succession duties. I have authority for what I say. The latest estate tax regulations in the United States provide for the deduction from the estate of a decedent who was a citizen or a resident of the United States, of charitable provisions regardless of where the charity operates or spends its money. These are exempt. This applies to the United States federal tax. Some of the various states follow the federal provisions; some confine the exemptions to charities operating in the state, and others provide for a reciprocal treatment as between the state imposing the death tax and the state in which the charity is organized. However, most of the states have an additional provision whereby the total tax imposed by the state is brought up to 80 per cent of the federal tax, so that in these cases the adjustment, would, in effect, allow a deduction for foreign charitable bequests. The provisions under the Dominion Succession Duty Act of Canada ever since its passage in 1941 have allowed exemptions only in respect of amounts passing to charitable organizations in Canada.

We have a certain sense of reciprocity as between Canada and the United States. What they do there is, as a rule, not more generous than what we do here. The fact that the United States, both federally and in most, if not all, of its states, grants exemption to charitable gifts to organizations without the borders of the United States, or to be spent without the borders of the United States is, I think, a very good argument why we should extend the same benefits to people making bequests in Canada to churches and other charitable organizations whose headquarters are outside of Canada.

Hon. William R. Brunt: Honourable senators, in my opening remarks I would like to repeat what has already been said, namely, that this bill replaces the present Dominion Succession Duty Act and provides for a tax on property passing or deeming to pass on the death of any person. The tax, of course, is computed by a reference to the property comprising the estate of the deceased rather

than the property passing in the various bequests from the estate to the various beneficiaries.

The bill as originally introduced in the other house has had a number of its clauses amended by the Banking and Commerce Committee of that house. However, I do feel that certain additional amendments are required to correct a number of ambiguities and inequalities as are now contained in the bill, which will make the act one that is much fairer and more just and equitable. One cannot, of course, go through the bill clause by clause, as that would take a great deal of time. Therefore I propose to deal with only a few sections. I am not going to deal with general principles—the honourable senator from Toronto (Hon. Mr. Hayden) did that in a magnificent manner—but I will deal with a few specific sections which I believe might well be amended.

I beg to refer honourable senators to clause 2, paragraph 1, Part I, which provides that an estate tax shall be paid on the value of all property passing on the death of every person domiciled in Canada at the time of his death. The use of the word "domicile" in any taxing act immediately creates a great deal of confusion. The law of domicile, at least in the province of Ontario, is one of the vaguest and most complicated conceptions in our law. Many persons now resident in Canada have no clear conception as to the place of their domicile, and before any lawyer could advise them with any confidence he would have to institute a far-reaching and expensive inquiry which would generally lead to no firm or definite decision. To further complicate matters, there is at present no such thing as a Canadian domicile at law. What, therefore, is the position of an emigrant to Canada who intends to spend the rest of his life in Canada but for one reason or another moves from province to province every little while? As his sojourn in each province is purely temporary, such an emigrant would never acquire a domicile of choice in one of the provinces, and his domicile might well perhaps for ever remain his domicile of origin, which would be the country—perhaps in Europe—from which he emigrated to Canada. Of all the countries in the world Canada should be the last one to make any distinction based on the place of birth between its citizens, as we have probably one of the highest of foreign populations of any nation in the world today. Why could not the draftsmen of this Estate Tax Bill have used the same text as is now used in our Income Tax Act, i.e., "resident or ordinarily resident in Canada", so that any person liable for income tax in Canada would also be liable to pay estate tax under Part I of this new act?

Hon. Mr. Howard: Hear, hear.

Hon. Mr. Brunt: Part II of the bill, commencing with section 34, deals with the tax which is imposed on estates of all persons who are domiciled outside of Canada and leave estates within Canada. Such persons pay a tax at a flat rate of 15 per cent of the aggregate value of the property left.

Hon. Mr. Hayden: Would the honourable senator permit a question on that point? In dealing with Part II would you agree that the 15 per cent tax represents a substantial reduction as against the rates that might apply at present?

Hon. Mr. Brunt: I am coming to that; I have an example dealing with that very matter.

Clause 35, paragraph 1, sets forth the method to be used in computing the aggregate value of an estate. This section, of course, could lead to grave injustices. For example, supposing a person domiciled in the United States, although a resident of Canada, purchases a large tract of land adjacent to one of our large cities for the price or sum of $1 million, and supposing he has paid cash for the said parcel, that is, paid out the whole $1 million. Of the purchase price of $1 million let us suppose the person contributed $100,000 of his own money and borrowed the remaining $900,000 from one of our chartered banks. A deed of the property is taken in the name of such a person. There is no encumbrance against the property, and under clauses 35 and 36 an estate tax of 15 per cent on the total value of the land, namely, $1 million, would be imposed. Such tax would amount to $150,000, even though the equity of the deceased person in such land would actually be only $100,000.

However, if the $900,000 of the purchase price was secured by or was a charge on the property, then such person would be taxed on only $100,000. To me it would appear to be much fairer and more equitable to allow such person to deduct the total amount of his indebtedness in Canada used for the purchase of the said property from the aggregate value of the property left, whether or not such indebtedness was secured by a charge against the property.

Now, it is a well-known fact that a wife upon marriage acquires the domicile of her husband. Therefore, let us take a hypothetical case where a Canadian woman marries a man domiciled in the United States, and such woman dies and leaves an estate having a net value of $1 million. Even though the woman and her husband resided in Canada from the day of the marriage, if the husband had not given up his American domicile the wife's estate on her death could only be

taxed 15 per cent since she would be considered as a person domiciled outside of Canada. If this tax was based on residence rather than domicile the estate of such a woman would be taxed at the rates as set out in the act for persons domiciled in Canada.

Hon. Mr. Aseltine: Resident in Canada?

Hon. Mr. Brunt: No, domiciled in Canada—that is the wording used in the bill and that is what we have to go by. On a $1 million estate such tax would amount to $331,500.00. Under the bill using the word "domicile" the tax amounts to only $15,000.

Hon. Mr. Hayden: Might that not account for some of the estimated reduction in revenue from this tax when the new bill becomes law?

Hon. Mr. Brunt: It well might. There are other things that will cut down the revenue which I do not think should be included in this bill.

The honourable senator from Toronto (Hon. Mr. Hayden) referred to exemptions, and I would like to say a word or two regarding these.

Clause 7, paragraph 1, provides an exemption or deduction of $60,000 where the deceased is a male person survived by a spouse. A somewhat surprising result of this particular provision is that this deduction may be claimed whether or not the widow or spouse derives any benefit from the estate. In the case of a male person dying leaving a wife surviving, and leaving all or substantially all of his property to a stranger, the deduction of $60,000 still applies. This treatment, to my mind, is altogether too generous, and any estate of $60,000 passing to a stranger should not, under any circumstances, be exempt from the payment of an estate tax.

Hon. Mr. Bouffard: Très bien.

Hon. Mr. Brunt: Other inequalities can arise as the result of the exemptions set out in clause 7, paragraph 1, of the bill. Supposing a person dies leaving a widow and 15 dependent children under the age of 21. Some of you may smile and say it is impossible, but it is not impossible. Clause 7 provides for an exemption of $60,000 for the widow and $10,000 exemption for each dependent child under 21. In such a case the total exemption would be $210,000—$60,000 for the widow and $150,000 for the children. If the deceased person, however, did not leave a spouse, the exemption for each dependent child under 21 years would be $15,000 and the total exemption would be $225,000. This does not appear to be fair—

Hon. Mr. Hayden: It does not make sense.

Hon. Mr. Brunt: —since surely a widow with 15 children is entitled to a larger exemption than in the case where there is no widow and there are 15 children surviving the testator.

In neither of the above mentioned examples is it necessary for the testator to leave his estate to his spouse and children. The entire estate could be left to a stranger and no estate tax would be payable. Now, I realize we will be faced with this situation, that each province now has a Dependants' Relief Act and a widow can go to court and obtain a share of the estate. But think of the case where the testator may have provided for his widow in his lifetime.

Hon. Mr. Bouffard: We have no law like that in Quebec.

Hon. Mr. Brunt: Now, clause 9 can produce some very peculiar results. This clause deals with the deduction from the dominion tax by virtue of some part of the duty paid by a decedent domiciled in a prescribed province. For the purpose of presenting this argument I am going to take two provinces as the prescribed provinces in Canada, namely, the province of Ontario and the province of Quebec. Let us take a specific example. A man dies domiciled in Ontario with all his assets situated outside the prescribed province. Let us assume that these assets have a situs in the province of Manitoba by reason of their being fully registered bonds of this province. Under these circumstances, while the full duty will be paid to the provincial Government of Ontario there will be no rebate on the dominion tax, because the bonds are presumed to have their situs in the province of Manitoba due to the fact that they are registered bonds. However, if instead of being registered bonds of the province of Manitoba, the decedent had exactly the same securities but in bearer form, situated in the prescribed province,—that is, Ontario—then the assets would be considered to be in the prescribed province, and there would therefore be the proper proportion of the Ontario duty deducted as rebate on the dominion tax. I do not think this is fair.

Hon. Mr. Hayden: What do you suggest by way of a change?

Hon. Mr. Brunt: You could take the actual physical location.

Hon. Mr. Hayden: Why not simply eliminate the section and provide that the common law rule shall apply? Then the province and dominion would be in agreement.

Hon. Mr. Brunt: That is one solution to it.

Another even more startling and peculiar result is produced by clause 9 of this bill, in that if the bonds issued by a foreign corporation—for instance, a corporation in the state of New York—are among the assets of an estate, and they are fully registered, any tax which is paid to the foreign country or state—in this case the United States and/or the state of New York—can be deducted from the tax which would be payable under clause 9 of this bill. I would strongly recommend that there be no distinguishment of situs on property anywhere in Canada. Also, the rules of situs as set out in the act are not necessarily the same as the principles laid down by the courts over long periods of time, and this will be very confusing and perhaps a source of unnecessary litigation, which should be avoided at all costs.

I would like to say a brief word about annuities and pensions. Clause 3(1)k provides for an estate tax to be paid on any payments made by an employer to an employee on the death of the employee.

The Hon. the Acting Speaking (Hon. Mr. Choquette): Honourable senators Rule 13 of the Rules of the Senate of Canada reads as follows:

> If, at six of the clock in the afternoon, the business be not concluded, the Speaker or the Chairman of the Committee of the Whole leaves the Chair until half-past seven of the clock; the Mace being left on or under the table, as the case may be.

Pursuant to this rule, I now leave the Chair. The sitting will be resumed this evening at 7.30.

At 7.30 p.m. the sitting was resumed, Hon. Lionel Choquette, Acting Speaker, in the Chair.

Hon. Mr. Brunt: Honourable senators, at six o'clock I had reached the point where I proposed to deal with the tax on annuity payments, premiums and commission funds.

Under clause 3 (1) (k) it is provided that estate tax to be paid on any payments made by an employer to an employee on the death of the employee. The honourable senator from Toronto (Hon. Mr. Hayden) referred to this. If an employer out of the goodness of his heart, or its collective heart if it is a company, sees fit to make provision for the dependants of one of its deceased valued employees, and the provision is made entirely voluntarily—there is no contribution by the employee, he has nothing to do with it—surely it is enough for the Government of Canada to subject the provision to tax as income in the hands of the dependant as a death benefit without seeking also to impose an estate tax. It has been suggested that this clause 3 (1) (k) should be omitted from the bill and if necessary subclause (i) could be expanded somewhat so as to place the burden upon the estate to establish that the deceased did not directly or indirectly purchase or provide for the payment which the company makes to his widow and/or dependants. In such a case no estate tax would be paid.

An illustration of the combined impact of estate taxes and income taxes on a death benefit from a pension plan is as follows: If A and B are in the same tax bracket and each uses $100 of his income, A to contribute to a pension plan and B to buy bonds, this will be the result: A's entire $100 will go into the pension plan because tax is deferred on contributions to such plans, but B will pay tax on his $100 and have left only, say, $80 to invest in bonds. If both die a year later and A's heirs receive as a death benefit from his pension the $100 contribution, they will pay an income tax of $20—without taking into account the special basis of income tax provided by section 36 of the Income Tax Act—leaving $80 for themselves, but estate tax will be not levied on $80, it will be levied on the full $100. On the other hand B's heirs will have the $80 bond free of further income tax and will be liable for tax only on $80.

If the estate taxes on a death benefit from a pension plan amount to 50 per cent of the benefit and the recipient of the benefit is in a 60 per cent income tax bracket, one can readily see what will happen. Both taxes being levied on the gross amount of the benefit, the combined taxes are obviously in excess of the benefit. So any recipient would be well advised to say, "I don't want any part of it".

Section 17 provides for the payment of a tax on an annuity by a successor but no provision is made for the payment by instalments on a life estate created by the will as was provided in section 29, subsection (1) of the present Dominion Succession Duty Act. While there is provision in section 17 for the exercise of a discretionary power in the minister to defer the time for payment of duties, it should be pointed out that section 17 requires payment of interest in the event of such deferment. A fair recommendation would be that provision should be made for the payment of tax by the executor on annuities and life interests by instalments.

Recently the American Government has dealt with this matter. What they have done is to enlarge from 15 months to 10 years the time for payment of estate taxes where the estates involved are closely held.

I think that our Government might give serious consideration to extending in a case such as this the time for the payment of estate tax, and to accepting it in instalments.

The combined impact of succession duty and income tax on surplus of companies, lump sum payments of annuities on the death of the annuitant, premium commission funds of life insurance, agents, and so on, involve double taxation. You can't avoid it, it is there. I have in mind a company that has a total worth of, say, $1 million, made up of $200,000 capital stock and $800,000 surplus. This company is owned by an individual who has very few outside assets, and on his death it will be necessary to realize on the assets of the company to pay estate tax on, say, $1 million, of which $800,000 will be subject to income tax at a high rate, so that in effect the surplus of $800,000 will only net $400,000. I feel that if the taxes were levied at a value of, say, $600,000 with respect to this particular company, instead of $1 million, the Government would be receiving all it is entitled to and the estate would be treated in a fair and just manner.

Mention was made earlier of foreign real estate, and here we find another change in principle in that foreign real estate comes into the computation of the aggregate taxable value of all estates. The foreign real estate attracts an estate tax. Under our present Succession Duty Act the value of foreign real estate is included only in computing the initial rate, but does not form part of a dutiable succession.

This bill makes a concession in that it provides for a deduction from the tax applicable to the real estate situate in a foreign country, the amount of inheritance tax levied on such property by a foreign country.

Hon. Mr. Hayden: Or the lesser of?

Hon. Mr. Brunt: That's right. The practice of acquiring real estate in a duty-free jurisdiction will be hard hit by this amendment.

This change is a radical departure from the former accepted practice in which real estate is subject to taxation on death only in the jurisdiction where it is situate. The general rule, which appears to be almost international, is that real estate bears its own burdens, including death taxes and duties. The United Kingdom does not aggregate what is not taxable, so that real estate situate in the United Kingdom is taxed as an asset by itself, the resulting tax being low.

Hon. Mr. Howard: That's right.

Hon. Mr. Brunt: This proposed legislation may well cause other countries to adopt similar measures to our detriment, as foreign capital has made and is making a major contribution to the development of real estate in Canada. If for no other reason than that, this section should be considered again very, very carefully and, in my opinion, should be amended.

Now we come to the liability of an executor. I don't think it is quite as bad as my honourable friend from Toronto (Hon. Mr. Hayden) made out. There has been a little relief given to the executor. Clauses 12 and 13 of the present bill deal with the matter of assessment of estates, payment of tax and the liabilities of an executor. The wording of these sections gives to the minister the right to reassess an estate within four years of the original assessment or, which is very important, within four years of the issuance of a notice in lieu of an assessment. As the act was originally worded the four years ran from the period when the assessment was made. This meant that in any estates where no assessment was made, the estate not being dutiable or taxable, the four-year limitation period did not apply, and the Government very properly has seen fit to arrange that a notice will be issued in connection with all estates not dutiable on the information filed with the Government, and that the four-year period will run from that time. Thus an executor in theory cannot completely distribute an estate until the lapse of the aforesaid period of four years, because within that four-year period the taxing authority can come back at any time and reassess the estate and possibly impose further taxes.

The sections further state that the Minister may re-open for additional taxation, at any time, if further taxable assets are discovered, even by way of gifts, during the three year period. The effect of these two clauses is to place an intolerable burden on an executor for four years, because during that time he can never distribute the estate with safety.

The executor, however, is not held liable, provided he can establish satisfactorily that he has exercised all due diligence and taken all reasonable precautions to ensure that the amount of tax so payable by him was paid in full. Now, to be perfectly fair, I do not think that is quite as difficult to do as my honourable friend from Toronto suggested it was this afternoon. However, there is still one very serious omission: no provision is made for the issuance to the executor of a Certificate of Clearance. Surely such a certificate should issue automatically after the lapse of the four-year period referred to in clause 12 of the bill.

In conclusion, honourable senators, I say that while this bill contains many changes made which are quite satisfactory and in order with respect to the taxation of estates,

still, however, as outlined above, there are, in my opinion, a number of clauses which should be amended, not only to bring about the just and equitable imposition of an estate tax on estates, but also from the point of view of the taxing authorities of the Government. In certain cases I do not think the Government is getting the taxes to which it is entitled, and we have to look at the Government's rights and try to come up with something fair and equitable to both.

Hon. Mr. Howard: Hear, hear.

Hon. Mr. Brunt: Honourable senators, I would not want the remarks which I have made to be construed in any way as criticism of Government policy with respect to the taxation of estates. Rather I would ask honourable senators to consider my remarks as having been made on a basis that, in my opinion, they constitute what is commonly known as "constructive criticism" of this bill. The taxation of estates in Canada by an Estate Tax Act is something that is entirely new in this country, since in the past it has always been the policy of all governments, both dominion and provincial, to levy succession duties rather than an estate tax. In fact, the provinces of Ontario and Quebec will continue to levy succession duties and will not impose estate taxes. In view of this, it is only natural that the bill—

Hon. Mr. Thorvaldson: May I intervene at this point? The reasons for that, of course, should be explained. There is a constitutional problem the provinces face in regard to collection of estate taxes, and they could not legislate in the way that the federal Government is legislating now; the courts have held throughout that the provinces must legislate in the manner they do now. The only person upon whom they can lay responsibility, for instance, is the successor, otherwise it would be indirect taxation.

Hon. Mr. Brunt: I was always of the opinion that a province could impose direct taxation.

Hon. Mr. Hayden: That is right, but not indirect taxation.

Hon. Mr. Thorvaldson: If the provinces were to attempt to assess taxes as is proposed by this bill they would be up against the fact that it has already been held in several decisions of the Privy Council that that is indirect taxation. That is one reason why the provinces are limited to the type of legislation they now have.

Hon. Mr. Brunt: It is a fact that provinces continue to impose succession duties. In view of this it is only natural that the bill as now presented in this chamber is not perfect in every respect.

I know that the junior senator from Winnipeg (Hon. Mr. Thorvaldson) will be moving that the bill be referred to the Committee on Banking and Commerce. However, I feel that he should go further than that, and when moving the reference to committee he should suggest that a public hearing be held, witnesses called, and, if necessary, that the committee be authorized to retain the services of counsel and to employ such technical and clerical assistance as may be required by the committee from time to time in order to properly review in detail all the provisions of this bill.

It has been stated by a number of honourable members in the other place that the Government will collect less money in taxation under this bill than the amount which is now being collected under the Dominion Succession Duty Act. For this additional reason I can see no necessity for this bill being rushed through committee; in fact, I feel that the committee should take all the time necessary to consider the bill in its minutest detail. This opinion is further reinforced by the fact that this bill is the most important piece of taxation legislation that the Senate has been asked to consider since the Income Tax Act was revised a number of years ago.

Hon. Paul H. Bouffard: Honourable senators, permit me first to congratulate the sponsor of the bill who has so clearly exposed a few of its clauses. I would not say that if he had exposed all the details of the bill he would not have sponsored it; but I think he would also have favoured quite a number of amendments to it, with respect to a few details that have been dealt with this afternoon by the honourable senator from Toronto (Hon. Mr. Hayden) and also by the honourable senator from Hanover (Hon. Mr. Brunt).

The bill that is submitted to us tonight is, as was said by the senator from Hanover, one of the most important that we have had, not only in the course of this session but I think in the course of many sessions. The honourable gentleman showed the independence of mind that the Senate is able to exhibit when the time comes to do so. I do not think that anyone in the Senate wishes to criticize the Government, but rather to make constructive suggestions to improve the bill which is going to affect a tremendous portion of our population for years to come. I think honourable senators should be congratulated on the way they have dealt with

the bill, and I hope that they will view my own dealings with the bill in a similar manner.

Let me first of all congratulate the Government upon having introduced the bill in the House of Commons last session and made advance copies available to facilitate a careful study of the bill by interested people, including Government experts, who could examine it in detail and thus be able to make their own suggestions and recommendations for amendments to it.

As a matter of fact everybody knows that quite a number of people have taken advantage of the opportunity to recommend amendments to the bill. The only thing I regret is that these recommendations and suggestions have not borne more fruit, and that the Government has not decided to amend the bill in a proper way before its presentation to the House of Commons and to this house. The few amendments that have been made to the bill are not very important, and have not in any way settled all the difficulties, all the doubts, and all the inequities that the bill carries with it.

Succession duties in one form or another have existed since time immemorial. As a matter of fact, they existed at the time of the Egyptians and Romans. In our own country, in France, in England and in the whole of Europe during the feudal era the lord imposed some kind of succession duties upon his vassals; and here in Canada the seigneur imposed some kind of succession duties on his tenants, and when one of them died his heirs had to pay a certain amount, which was of course small compared to succession duties today. That amount was paid in recognition of the fact that the seigneur still had an interest in the ceded property.

Everybody knows that the seignorial rights, for a long time objected to in France and in Canada, were at that time considered a heavy burden, but compared to the present time, evidently they were very light. In one form or another succession duties have existed in most of the Canadian provinces since 1892. I know in Quebec they were imposed in that year, and I think that is also true of Ontario. They have become part of our federal statutes only since the Second World War. If war could serve as a motive for such federal taxation, when we were faced with a struggle for freedom and had to resort to most drastic measures, it seems to me that once hostilities ceased special amendments could have been made to such confiscatory legislation.

The heavy provincial succession duties were motivated for a long time by the ever increasing responsibility placed on the shoulders of each province, and the small amount of income that the provinces could collect in the face of those continually increasing obligations.

The inconveniences brought about by provincial succession duties were not as bad as those caused by the federal succession duties, because the changes brought about by provincial succession duties affected only provincial prerogatives, such as property, marriage, the family, matrimonial conventions, civil contracts like sales and donations; in other words, matters falling under the exclusive jurisdiction of the province.

Such is not the case with the federal taxation of estates, where the federal Government has, as an ancillary power, the right to encroach upon matters of exclusive provincial legislation, and of course it does do so. It is unfortunate that our federal authority did not withdraw from this field of taxation to give free access thereto to the provinces in conformity with their demand, which appeared quite well founded, as the provinces seem to have, for 40 years, been exercising exclusive jurisdiction in this field.

I would not go so far as to claim that the legislation is at the present time unconstitutional. However, here was an occasion on which it was hoped that the federal Government would deem it opportune to abandon that field of taxation which had for over 40 years been exclusively provincial. The provincial tax, however, was already so high that the intrusion by the federal Government in that domain made that mode of taxation detestable and, in the result, confiscatory.

Three basic arguments have been invoked in favour of federal tax on estates. First it furnishes a means of finding out whether in his lifetime a taxpayer has duly paid his income tax. Well, this is absolutely childish, because a taxation of one-tenth of one per cent on an estate would be just as effective as a tax of 50 per cent to find out whether a man has paid his income tax. A nominal tax, if a tax is necessary at all, would be sufficient. I do not believe that a tax is necessary to find out whether a man has paid his income tax or to permit the federal authorities to look into his estate for that purpose. But, I repeat, if a tax were necessary, one-tenth of one per cent would be quite adequate. This argument for the tax is so childish that I do not think it is necessary to consider it any further.

The second argument invoked to justify federal taxation of estates is as follows: The federal Government is a factor of progress, aiding the progress of national and international industry and trade, and through the aid which it brings to some enterprises citizens are enabled to exploit opportunities and receive a certain amount of benefit, so that the

owner is legitimately bound to pay succession duty to the benefactor Government. In other words, if in your trade or business you benefit from the fact that Confederation exists, and if, owing to the fact of the existence of Canada, you have accumulated a fortune, it is only fair that you should pay to the government a part of the amount it has permitted you to accumulate. Well, it seems to me that we already pay sufficient taxes to enable the Government to protect our trade, commerce and industry; and my feeling is that, in affording some kind of benefits to its citizens, the Government does no more than its duty. The fact is that if there were no trade or industry in Canada, Confederation would not exist. Secondly, it is my opinion that even though in some cases Government action affords benefits to national, international or interprovincial trade, these cases are exceptional. Most of our small fortunes have been accumulated locally; they have not sprung from the existence of Canada. Very few Canadian citizens have national or interprovincial trade on a scale which permits them to accumulate large fortunes. One person who talked to me on this matter cited large stores having mail order business, and he was scandalized because the owners, when they die, do not contribute anything to Canada but that all the money due from them by way of succession duty goes to the provinces. As may be realized, these people are extremely few, and the argument does not touch local trade. The small trader, the owner of a small enterprise who has made a little money, has been successful because of local laws, local police, local organizations. So, I submit, apart from the few big fortunes which have been accumulated through the existence of Confederation, small fortunes should be subject only to local conditions, that is to say to taxation by the province to whom they owe the benefits they have derived in the course of their business life.

The third argument which was put to me on behalf of the federal tax is that the federal Government needs the money to balance its budget. This plea does not convince me, for various reasons, of which I will mention only two. First, succession duties produce such a small amount that they cannot have any influence worth mentioning on the federal Government. In fact, where small estates are concerned, the revenue so derived does not exceed a few million dollars per year. There is no doubt in my mind that a constriction of administrative expenses—and there must be many places for the exercise of economy—would save the Government from having to impose this type of taxation, which bears hardly not only on families but on almost everybody. From 1948 to 1955 the revenue branch collected on account of succession duties an amount of between $31 million and $40 million per year. That sum does not represent even one per cent of the income of the federal Government; and small estates, namely, estates below $200,000, do not represent more than two-tenths of that one per cent. That is why it is surprising that there should be imposed, through this legislation, a burden which affects so many people of comparatively small means. It is not to be supposed that the owners of the large fortunes are the ones who are most affected by this tax. Wealthy people can find so many ways and means to avoid it that they are not much concerned; it is the small man, the man operating a small industry in Canada, the man who has to live his life and make his fortune here, who is really affected. A wealthy man, in spite of taxation, always retains a sufficient amount of money to be able to carry on with his family obligations. The poor man does not pay. It is the middle-class who carry all the burdens, who are affected by this legislation. I was told by a man, whose name I will not divulge but who is a very important member of the Government, that in 1955 estates of the value of $100,000 did not yield the Government more than $4 million. At that time the succession duties were to a certain extent amended so that no duty should be paid on estates of $50,000 or less.

In concluding this part of my argument I want to say that I am in favour of granting total relief to modest estates and being more generous to our Canadian families, although I consider that the taxation of large estates should remain on a reasonable basis. I am going to talk about this a little later on. That large estates should make their contribution to the federal budget, I do not object. That is only fair. I feel that those who have accumulated large fortunes should not, however, be discouraged. Often they have worked pretty hard and assumed tremendous risks. Our young country of Canada needs men of such ability and courage, men who can assume risks which are especially necessary for the development of our natural resources. These men should not be discouraged by taxation so high it could be considered confiscatory.

One amendment I am going to propose is that the tax should not exceed 50 per cent. It seems to me that when a man has paid 50 per cent of what he has accumulated during his lifetime he has paid enough, if the tax is not to be considered confiscatory. If every wealthy man were to disappear from Canada and we had no one to take the risks that they usually assume for the development of this country, we would miss a very

important section of our economy. But the modest, ordinary prosperous businessmen, the industrial and commercial operators, constitute the most important section of our economy. This section of our economy should be a permanent one, and I am sorry to find that the present act encroaches on such a precious asset. The law depletes small fortunes and will go a long way to discourage the most willing of our citizens from economizing.

Many of our citizens have worked during their whole lifetime to create their trade or industry. They have sacrificed many pleasures to save for their old age or accumulate enough money to secure the permanency of the enterprise they have founded, and to provide more than the mere necessities for their families. Faced with the spectre of this legislation—not only the present bill but the act as it now stands, which is just as bad —they are forced to sell their business either to large corporations or to strangers, in order to secure the necessary funds for the purpose of paying succession duties. You would be surprised to find how many in the last 15 years have had to sell their own or their family business in order to realize enough money to pay these taxes.

I propose to suggest several amendments which will help to avoid the disastrous consequence of the policy actually in force now and which this bill intends to continue.

I wish to be well understood and, therefore, I repeat that large estates should pay succession duties, but the duties should not be confiscatory. Small estates should be given much more protection. The disappearance of modest fortunes and family businesses would destroy one of the most important sections of the Canadian economy, and Canadians would lose all stimulus to reasonable individual ambitions. Work and sacrifice should be encouraged instead of discouraged. This is the mission of the state, and it seems to me that in this bill it is not fulfilling such mission very well. It is doing the very opposite.

The right to acquire property is not a favour granted by the state to an individual. The right to own property is the result and the fruits of labour. It is a natural right that he has and, I may say, it is the guarantee of individual freedom and the independence of his family.

I do not stand for those who preach state paternalism, that sort of administration under which all the citizens are dependent upon the Government and rely on its paternity to carry out their own existence. Clémenceau said once: "The state has too many children to be a good *pater familias*."

If it is now possible to conceive a country from which poverty disappears, so much the better and I am all for it. The purpose of social laws which have gained so much favour during the twentieth century is to make sure that more and more citizens will enjoy the welfare necessary to their development. Poverty inculcates neither virtue nor a sense of responsibility in citizens, and if our social laws are going to help take away excessive riches or divide them among those who have none, it would be to misunderstand the economies of a country, to weaken the notion of acquiring property and to submit all the citizens to a despotic power and a state of general poverty. Private property is necessary in a democracy, and its development cannot be pursued unless free contribution of its operation is guaranteed against all exorbitant restrictions. Our citizens should not be at the mercy of the state. Property must be a prerogative of free man. It is not because some citizens have abused the ownership of property that it should be abolished or restricted in such a way that it does not count any more in our economy.

The right of property, as the right to dispose by will of one's assets, has always been recognized as an intrinsic freedom of individuals. This is only natural. Its suppression is surely an artificial invention of the modern state. It is contrary to the dignity of man. The state must preserve these essential freedoms, these inalienable rights. It is not its mission to take them away or expose them to compromise. If it were to follow that road to error it would come close to the most obvious communism. The state must unofficially help the development of property rights and should not reduce them to the rank of simple privileges. But this is what it does when it submits estates to a régime of excessive assessments. It crushes by high taxation the right of the citizen to accumulate property freely and without fear that his estate might be divided upon his death. The citizen must retain the right to transmit most of his property through his last will and testament. Men like to enjoy freely the results of their work. It is a serious mistake to deprive them of such precious property that reflects their efforts, or to impose upon them a malevolent division of their property with the public treasury. Men keep their zeal for work and they persevere to economize in proportion as they are guaranteed the benefits of their work and their right to transmit them to their family. To suppress that perspective is to kill their energy and stifle their ambition. The right to property and its corollary, the right to dispose of it by will, are the necessary elements of social order placed upon two bases: respect for the human being

and respect for his family. It is the duty of the state to do all within its power to maintain such a social order.

The present law, by penalizing labour, by reducing the freedom to dispose by will, seems to contradict the ideal toward which all well-organized countries must tend and to misunderstand democracy in its basic principles.

Before analyzing certain aspects of this proposed act, I will summarize what I have just said:

(1) Estate taxes and succession duties, except in case of war, should be mostly left to the provinces, and so federal taxes should be limited to a nominal figure for the control of income tax payments and to large estates where, however, such taxation should not be considered confiscatory.

(2) Modest successions, if they are to be taxed, should be taxed moderately, in order to encourage Canadians to work to keep their ambition to create family enterprises and to economize.

Let us now examine the terrible taxation results that flow from this legislation: (1) concerning the wife; (2) concerning the children; (3) concerning the residence; (4) concerning the high taxation on descendents; (5) concerning family businesses; (6) concerning annuities and pensions; (7) concerning insurance policies; (8) concerning the valuation of the estate; (9) concerning the gifts.

I do not want to expand at any very great length on each of these items, but I do want to express my opinion on the most important matters which the Canadian people have to deal with every day, and which form the foundation of the life of our country. We cannot expect a great development of Canada in the next century unless we stop breaking down the family and get away from extravagances in taxation which are imposed upon our people.

Concerning the wife: I do not think anybody will question the help that a wife gives her husband in accumulating the savings that he leaves when he dies. If the act recognizes at least in part the obligations of the husband toward his widow and children, it will help in only a small way in leaving the family in a position identical to the one in which it was before the death of the husband. It is only the legal obligation of the husband which is recognized, not the work of the wife, or what she has earned; it is only a recognition that the husband when he died owed his wife and children a natural obligation, as well as a civil obligation, imposed by the laws of every province in Canada. As the honourable senator from Toronto (Hon. Mr. Hayden) said this afternoon, it is not regarded as a debt of the husband to his wife; it is merely an amount of $60,000. The husband can leave his whole fortune to his mistress, and she would get the benefit of the $60,000 exemption. In other words, in Canada the mistress and the wife are considered on the same level in that regard. The money could be left to a perfect stranger, who would have to pay no taxation on the $60,000, the amount of the estate supposed to be exempted for the benefit of the widow. I repeat, the exemption of $60,000 is recognized only as the obligation of the husband to his widow, and no recognition is given to the work that she has done during their married life to help her husband accumulate a fortune.

Hon. Mr. Thorvaldson: Will the honourable senator agree that under the present act a man can leave $50,000 to his mistress without any tax, as well as to his widow? Is that not a fair statement?

Hon. Mr. Bouffard: I say that his mistress is treated in the same way as his wife.

Hon. Mr. Thorvaldson: But that is not a criticism of the proposed measure, because is it not true that under the present act a man can leave $50,000 to a mistress without tax, if his estate is $50,000 or less?

Hon. Mr. Bouffard: The present act does not tax successions below $50,000, to whomever or wherever they may go.

Hon. Mr. Thorvaldson: That is what I mean.

Hon. Mr. Bouffard: But in the proposed taxation it is not that at all. An exemption of $60,000 is granted if the man is married. It is because the man is married that the amount is set at $60,000, but the amount can go to his widow or mistress without making any difference as far as the exemption is concerned.

Hon. Mr. Thorvaldson: But there is a $50,000 exemption, whether the man is married or not.

Hon. Mr. Macdonald: I rise on a point of order. Yesterday at the request of the honourable senior senator from Winnipeg (Hon. Mr. Haig) it was decided that questions should not be asked while an honourable senator was making a speech and I was forbidden to ask a question. Are we going to change the rule today?

Hon. Mr. Bouffard: I must say that I do not mind being asked questions at all—I rather like it.

Hon. Mr. Thorvaldson: I knew the honourable senator would rather like questions to be asked.

Hon. Mr. Bouffard: In answer to the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson), I may say this $50,000 exemption applies generally whether the man is married or not, and regardless of whom he leaves his estate to. An estate valued at less than $50,000 is not taxed. The reason for that is that the Government was shy about taxing successions below $50,000; it felt that it was not worth while to do so, as collection costs would probably exceed the amount of tax on such estates. In every country there is an amount which is exempt from taxation. That is true of the United States and all the provinces of Canada. In the province of Quebec, for instance, the exemption is $20,000, and I think it is the same in Ontario. I believe that in most of the states of the United States the exemption is $50,000, while in other states it runs as high as $75,000.

My point is that the amount of $60,000 which is exempt from taxation under this bill because a man is married is not the exemption given to the wife only, but it is given to anybody. It is not owing to the fact that a man is responsible to his wife that $60,000 is exempt from taxation, but on account of the fact that he is married. Whether she receives it or not does not matter. Well, in that respect I say that the capital allowed to the family is barely sufficient to provide enough revenue to eat three times a day. I would like every member of this house to make a calculation of the amount of capital that would be allowed to a poor widow who has nothing at all, who worked all her life with her husband to accumulate a certain amount, maybe $60,000, $75,000 or $100,000. Just consider what will be left after payment of the estate tax. Include in the calculation the value of the deceased's home, which I am going to talk about in a minute, and include the value of the movable effects garnishing the house, both of which go to make up the taxable amount of the estate.

Hon. Mr. Thorvaldson: Would the honourable senator allow a question? In regard to the argument he is making just now, is it not true to say that that applies in greater degree under the present act than it would under the bill?

Hon. Mr. Bouffard: Of course, but I am of the same opinion as the honourable senator from Toronto, that while we are discussing the bill we are also discussing the act; it is an opportunity to correct the inequities that exist at the present time and to put the whole system of estates taxation on a proper level. Let us take this opportunity to discard these inequities which exist in the act at present, maybe in the worst way.

On that point let me refer to something that does not appear in the bill. The present act recognizes ties that exist between a husband and his wife, between a man and his children, and between a man and his grandchildren. All these ties are recognized in the act in force at the present time but they are not recognized in the bill before us.

If honourable senators were to make the calculation I suggested they would find that the capital left after taxation would allow barely enough revenue for three meals a day, and maybe decent clothing; and if some of the children of the family are to be educated the rest of the family will have to go to work. In most cases the poor wife has to go to work after her husband dies, otherwise she cannot make ends meet.

Hon. Mr. Howard: That is right.

Hon. Mr. Bouffard: And out of the estate do you know how much is going to the state, what amount is being taken away from that poor woman who has barely enough capital allowed to her to earn income sufficient to provide three meals a day, and to feed and clothe her children decently and have them educated? On $100,000 taxable the tax amounts to $19,000, and on $200,000 it is, $44,000. That is what is taken away from the wife and the children.

Hon. Mr. Thorvaldson: But, that is not as bad as it is under the present act, is it?

Hon. Mr. Bouffard: No; I admit that.

Hon. Mr. Thorvaldson: You admit that the bill is more lenient than the present act?

Hon. Mr. Bouffard: I have made no calculation as to what is taken away from the wife and children under the present act. I am looking at the bill that is before us and what it proposes to do. I repeat, on a $100,000 taxable asset the taxation is $19,000, and on a $200,000 taxable asset it is $44,000. But that is not all, the estate has yet to pay provincial succession duties.

Hon. Mr. Howard: Where are they going to get the money to pay the duties?

Hon. Mr. Bouffard: They will pay whether they have the cash or not.

That is the way the Canadian family is treated at the present time. It is horrible. It is confiscation. It is much worse in the case of the average-sized fortune than it is in the case of a large fortune, where 44 per cent is left in the hands of the wife. In the case of a $1 million or a $2 million estate,

if 55 per cent or 56 per cent of it is taken, what remains will be enough to educate the children of that family and to permit the family to live as they were living before. But when you take away nearly 25 per cent of an estate of $100,000 or $200,000 that is left to the wife and children, I say that is confiscation; it is taking away capital that the family needs to live on. And for what purpose is it taken away?

It seems to me that if the Government would be willing to make a wee bit of effort, not a big one, it could save $10 million or $11 million in the course of a year, which would be all that is needed to abandon all taxation on estates except the large ones. Then the poor people who have worked all their lives to create a modest estate would be relieved of all the expense and confiscation that the state now applies to them. If the Government would only look around and save $11 million a year somewhere, that could be done. I am all in favour, honourable senators, of the gifts Canada makes to people, whether they live in Canada or not, who are in need of money, clothing, flour or wheat. I am glad that we can do it, but it seems to me that charity should begin at home. If the giving of gifts means putting Canadian families into difficulties, as we are doing at the present time by taxing the estates, we should stop making these gifts. The country is in a position to make gifts abroad when it has the means to do so, but when it has to exercise serious confiscation in order to do so it seems to me that the making of such gifts should be stopped.

What can we do? I am not going to push the matter to the extreme, but can we not do something to recognize the work of the wife in helping her husband during the course of their married life? What can we do to minimize the effect of these heavy succession and estate taxes?

Well, honourable senators, I have a suggestion to make. I would say that the work of the wife in a family, the contribution that she has made to the accumulation of the family fortune, varies greatly in different families. For instance, if a man has amassed $1 million I do not think it can be said that his wife, except in rare circumstances, worked toward the accumulation of it to the degree that she should get half without being taxed. But I do say that in the case of a modest estate—let us say up to $200,000—the wife should get at least half of it without having to pay any tax, if her husband left her that amount. In that way she would receive $100,000 exempt from taxation. Where an estate is left to a stranger I am not asking that any portion of it be made non-taxable. But in the case of a $200,000 fortune, I repeat, it seems only fair to recognize the work that the wife has contributed to its accumulation and that one half of it should be exempt, in her hands.

The province of Quebec recognizes the principle of community of property. Under the régime of community of property—which is the ordinary régime of marriage in the province of Quebec—when the husband dies the widow receives half of the estate without paying a cent of tax. Now, is that because she has worked more than a woman who married under the régime of separation of property? They both work the same. When the husband and wife married, perhaps at the age of 21 or 22, they did not realize the consequences of the matrimonial régime.

Hon. Mr. Monette: Will the honourable senator allow a question?

Hon. Mr. Bouffard: Yes, of course.

Hon. Mr. Monette: The honourable senator has referred to the case of a married couple having a fortune of about $200,000. In Quebec, when the parties are married under provisions of community of property, is half of the estate transmitted to the wife on the death of her husband, or is it her own property?

Hon. Mr. Bouffard: It is her own property.

Hon. Mr. Monette: There is no transmission at all.

Hon. Mr. Bouffard: No transmission. And I am not asking that any change be made in that regard. I am not asking for any change for the man who has a fortune of $200,000 and was married under the régime of separation.

Hon. Mr. Monette: It is not exempt from taxation; it is her own property.

Hon. Mr. Bouffard: It is her own property.

Hon. Mr. Macdonald: Is she taxed under the present dominion law?

Hon. Mr. Bouffard: Not for half the property. I am requesting that for estates up to $200,000 the widow, whether she is married under the régime of separation or under the régime of community of property, shall have her work recognized by the taxation authority and inherit half of the estate without paying any tax. That is what she should get for the work she has done. After all, the Government would not lose anything by that, for when the widow dies her heirs will have to pay the succession duty on what she got from her husband.

Women's organizations from across Canada have made a tremendous appeal to the Government to have it acknowledge in some form or other that the work a wife does in her husband's lifetime should be recognized

from a taxation standpoint. At a meeting of the Banking and Commerce Committee of the other house this proposal was submitted to the minister, and he refused to accept that point of view because he did not want to encroach upon provincial rights. Well, if there is any encroachment upon provincial rights it is not because the minister proposes to reduce the tax, but rather, it seems to me, because the tax is imposed. What is he going to change by allowing a married woman to receive a share of what she, with her husband, has earned in her lifetime, without having to pay tax on it? What is going to be changed with respect to what belongs to the Civil Code? I say, nothing at all. There is no matrimonial régime change; it remains exactly the same.

It is the husband's right to will his estate as he chooses; and, as a matter of fact, if he does not bequeath the property to his wife she does not benefit by the tax exemption. If the federal Government has a right to impose the tax it also has the right to allow any deduction that is necessary or convenient. After all, the Government has already decreed that the first $60,000, in the case of a married man, will be deductible. All we are asking for, in the name of the women of Canada, is that this amount be increased to one-half of estates of $200,000. Does the minister encroach upon civil rights in allowing a deduction of $60,000? Why should there be an encroachment upon civil rights if he extends that right to $100,000 or more. The minister's answer on this point, I suggest, was not a very serious one.

I wish to deal next with the position of children, and in that regard I have only one suggestion to make. The estate enjoys a deduction for a child of 21 years and under. All I am asking in this respect is that the age of the exempted child be extended from 21 to 25 years, provided the child is following a regular course at a college or university. It seems to me that is the most expensive time of a child's life. This fact is recognized by the income tax law. If we follow the income tax law so closely with respect to making the avoidance of tax law more difficult, and protect the right of the Government to go in and take away books and seize other articles, why then should the same rights not be extended to children affected under estate taxation? Therefore, I suggest that for a young man or young woman between the ages of 21 and 25 who is following a regular college or university course a deduction of $15,000 be allowed.

I have a few words to say concerning the family residence. The Government has done many things to encourage people to build and own their own residences. We have many Crown companies which up to the present time have spent a lot of money and have guaranteed mortgages ranging from 25 to 30 years, and in some cases longer; we have reduced the amount of interest payable on mortgages and have done many other things to encourage Canadians to own their own homes. Therefore, it seems to me that, subject to certain limitations, people who have been encouraged to own their own homes should not be discouraged from doing so by the imposition of an estate tax every time the house changes hands within members of the family. I would propose that a residence left by a husband to his family, where they resided with him before he died, and the furnishings of that house, be exempted up to $25,000. I do not go so far as to suggest that very fine, princely houses be exempted from succession duty. I only say that to exempt a house with its movable effects to the value of $25,000 seems extremely reasonable. I would move, therefore, that the residence occupied by the deceased and his family at the time of his death be exempt up to $25,000.

I should like to say a few words about the application of estates taxation to the portion of an estate bequeathed to the family, and that bequeathed to strangers. I do not intend to dwell long on this question, because the honourable senator from Toronto (Hon. Mr. Hayden) in his speech this afternoon made a statement on that point which seems to me very clear. The honourable senator from Hanover (Hon. Mr. Brunt) also touched on that point.

It makes me sad when I think that the wife, the children and the grandchildren of a man, for whom all the work of his life is devoted, would carry the same application of estate taxation as that which applies to total strangers. With the excessive rates of taxation that are imposed by this act, it seems to me we should make a difference between that portion of the assets left to the children and that left to strangers. After all, honourable senators, the law which we are now studying exempts from taxation gifts to charitable or educational institutions. But if a man dares make a gift to his wife, his son or his grandchild, it immediately becomes taxable by law. It seems to me unreasonable that this should be so. Is it not true that you give to a charitable or educational institution, only after you have provided for your own? It is a surplus amount which may or may not cause some sacrifices in the family; for instance, you may give up a trip or a new automobile in order to make a donation to a charitable or educational institution, but you do not do so if you have not enough for your own family.

Therefore, if we are to provide for exemptions with respect to gifts to these institutions, should not the same exemptions apply to gifts made by a deceased husband to his wife or descendants?

I intend to propose that the rates on the first $500,000 taxable shall remain on the same basis, but that if the bequest is to the wife or the children the tax shall be cut in half. The main reason for the existence of an estate tax is the facility with which the amount can be calculated. The amendment I have in mind will not make that more difficult. The tax will be calculated in the same way as before, and the only change which would have to be made is to cut the amount in two. No classes are taken into account except the wife and the descendants. At the same time I do not take the view that, if the tax were more difficult to calculate, that would be a good reason why children should not be treated better than strangers. In any event that difficulty is avoided. The children and the wife will have better treatment than strangers, and a more difficult calculation will not be imposed upon the officers of the department.

I come now to the position of family businesses. I do not want to spend much time on this, because it has already been discussed. I believe all honourable senators realize that throughout Canada, and perhaps more particularly in Quebec and Ontario, there are a tremendous number of family businesses. A man founds a small business or industry and carries it on all his life, with the idea of leaving it to his children and their successors. Quebec has a tremendous number of these family businesses. It seems to me that they are an important part of the backbone of our economy. A man is furnished with ambition to work; he works for himself, and especially for his family; he wants to leave to them an industry or a trade which is in good financial position. All his life he makes sacrifices. He takes practically no dividends from the earnings of the business because he wants to retain the money to have the business in good financial condition, when he dies, for the sake of his children. All this is good for Canadians and for the country, so why break or damage it? At the present time it is corporations of this kind which are most badly treated. To my mind they should be supported so far as possible. The proposition I would make in this respect is a very simple one. I do not wish to reduce the amount of taxation in favour of such family businesses, but I want to give the owner or the successor of the family industry five years to pay his tax with interest.

Hon. Mr. Brunt: The same system as in the United States.

Hon. Mr. Bouffard: Exactly—where they do encourage these businesses, and it is a good thing they are encouraged. One of the important elements of ambition is the incentive to a man to work for his wife and his family. I repeat that this is not a proposal to reduce the tax, simply that the heirs shall have five years to pay, in equal instalments, carrying interest. It is impossible for a man owning a family business to sell it in the course of six months. If he must get rid of it in that time he will sacrifice it—dispose of it for nothing, or in many cases he will not be able to sell. So let us not try to force sales. Give the heirs five years to pay the tax, with interest, and if they sell the business sooner they will pay at once. As has been said, this is the principle which is adopted in the United States; it is a good one, and the one I am going to propose in this connection.

Concerning annuities and pensions: this matter, I think, has been sufficiently discussed by the two honourable senators who preceded me. My point of view—and it is the only difference between those who spoke before me and myself, on that point—is that I believe the tax should be imposed only on the capital, not on the interest. The capital which is necessary to produce the annuity is deposited with an insurance company. The same principle is followed by insurance companies in relation to pensions, annuities, and the rest. The insurance company, before the annuity becomes due, receives the capital and the interest: it calculates how long the man is going to live. It calculates the interest that the capital will produce until the annuity is payable, the interest it will produce after the commencement of the annuity, and the cost of administration. Is it proper that the total amount should be subject to estate tax? I say that just the capital should be included, because after all on the interest produced there is already tax on income, and that is double taxation.

Hon. Mr. Brunt: I think that under the terms of the present Income Tax Act you can set up for yourself an annuity out of funds upon which no income tax has been paid.

Hon. Mr. Bouffard: Yes.

Hon. Mr. Brunt: Well then, I take the reverse position, that the tax should be paid, because this money is going to come out of the annuitant, and no income tax has already been paid on it.

Hon. Mr. Bouffard: I do not object to that—as it comes out. But there should be no estate tax on the interest, because it did not

exist at the time of the death. No interest had yet been produced. It did not exist at the time of the death, so in capitalizing the interest that is going to be paid over a 10- or a 15-year period you tax something which does not exist. It is not capital. This amount of interest, when it becomes due and payable, is going to carry an income tax payment with it.

Hon. Mr. Brunt: That is right.

Hon. Mr. Bouffard: Take the example that was given this afternoon of a man who leaves his widow a $4,000 annuity. Let us say for the purpose of discussion that this annuity is going to be valued at $50,000. Incidentally, an annuity of $50,000 usually carries about $12,000 by way of succession duties. The widow has six years to pay, say, at the rate of $2,000 a year. After she has paid the full income tax and succession duties in six years there will not be much left for her. And, mind you, if she should die in the first year, after she has been paid only $100 or $200, her estate is left with an indebtedness of about $12,000, of which she has not received a cent. That is what happens in our taxation of annuities at the present time. It is simply horrible.

My proposition is this. I don't want to change the tax on annuities, but I say that we should distribute the amount of the tax to be paid during the expected lifetime of the widow, and if she dies before having attained the expected age, let the tax stop; otherwise, the estate will pay tax on something the widow has not received. I don't want to go any further into this aspect of the bill, because it has already been treated quite fully by the other members.

The matter of insurance policies has also been talked about. There is only one point I want to add. I believe insurance policies made payable to the Minister of Finance for the purpose of paying succession duties should not be added to the succession. It seems to me that a man paying income tax and saving a premium which cost him 150 per cent, if you calculate the income tax, has paid enough for his insurance; and if it is turned over to the Minister of Finance for the purpose of paying succession duties it seems to me that the amount of money so provided for the payment of tax and retained by the minister should not be added to the capital of the estate and taxed over again. As a matter of fact, it is a tax on a tax, because the amount has been accumulated just for the purpose of paying the tax. The premium he paid has already been taxed as income.

As to valuation of an estate, I do not think I need say much on that, for the honourable gentleman from Toronto has made the suggestion that I was going to make. I was going to suggest that the period for valuation of an estate be extended to one year after death, but I am satisfied that six months would be all right. That is, the valuation should not be considered at the date of death, but over a period of six months.

Let us take the case of an estate which was entirely composed of federal, provincial, municipal and school bonds. Most of them, if the death occurred in April 1957, would have been valued very highly—at par, if not above par. Two months afterwards the same federal bonds would have lost between 5 per cent and 10 per cent in value; the provincial bonds would have lost between 10 per cent and 12 per cent in value, and the municipal and school bonds of the best category would have lost anything up to 25 per cent. But the calculation of the tax would have been made according to the value on the day of death, which seems to me totally unjust and unreasonable. Sometimes the tax is paid on a fictitious value which exists at the time of death, which is about par. Well, the estate is the loser. Let us say that the man, instead of investing his money in bonds invested it in mining stock —and we must have individuals who will invest in mining stocks, if we are to develop our natural resources. Well, in April 1957 he was a wealthy man, but in June 1957 he was a poor man.

Hon. Mr. Brunt: The worst example is that of the man who died on October 28, 1929, the day before the big crash. One day his stocks had an extremely high value and the next day they were not worth 50 per cent of that.

Hon. Mr. Bouffard: And his estate was ruined.

Hon. Mr. Brunt: That's right.

Hon. Mr. Bouffard: It is reasonable that a person should pay taxes, but I say there is a mode of valuation which is exorbitant and which only means that a man is taxed on a fictitious value.

Hon. Mr. Macdonald: Supposing the stocks go up during the six months?

Hon. Mr. Bouffard: Well, he will pay higher taxes.

Hon. Mr. Connolly (Ottawa West): Not necessarily; he is given a choice.

Hon. Mr. Bouffard: Yes, he is given a choice of paying on the valuation on the date of succession or during the course of six months. This has been done in England,

where succession duties are extremely high, and in the United States, he is allowed a year.

Hon. Mr. Howard: Yes, in the United States it is 12 months.

Hon. Mr. Bouffard: In England it is 12 months too, and he can make a choice. Here in Canada you find people in the position of having to pay a tax on a valuation that does not exist; whereas in England and in the United States they realize this is not a practical way to do it. I would suggest that a similar choice be given to the taxpayer in Canada.

Honourable senators, the last point I wish to make concerns gifts. I feel the gifts which have been made by the deceased, and which are permitted by the income tax law to be made without payment of gift tax should also be considered as gifts under the Succession Duty Act and not taxable if made within three years preceding death.

For instance, a man can give away $1,000 as many times as he wants to in the course of one year without having to pay a donation tax. If this money has been given to his wife, children or grandchildren within three years preceding his demise it is added to the succession and the estate has to pay succession duties on it. I propose that the value of these gifts should not be added to the amount of the succession unless they exceed 25 per cent of his total estate. If we have the right, as I said a moment ago, to make gifts to the charitable institutions without paying a cent of tax, it seems to me that we should have a chance to give part of our fortune to our family within three years preceding our death, without paying any tax. In other words, a man can give the whole of his assets to charitable institutions without paying a tax, but the same law does not permit him to give even a small portion of his fortune to his children without paying tax.

Honourable senators, I have one more comment to make. Let us say a foreigner not domiciled in Canada deposits money for any purpose in a bank in Canada. If he dies outside of Canada this money is going to be taxed as a succession duty. Incidentally, I can assure you that a lot of wealthy Europeans wish to deposit money in our banks, which would earn interest and help develop our country. Well, with the taxation that we have at the present time that will be impossible, because they will not deposit here if they are going to be taxed for succession duties in the event of death. They can deposit it in any bank in the United Sates and succession duty is not imposed. Why can we not permit the same thing in Canada? If we do not do so we shall lose all of these deposits, which will mean losing money that can be loaned by the banks for the development of our country.

Honourable senators, thank you very much for having listened to me for such a long time. I have spoken longer than I had intended, but I feel that I would not have done my duty toward the Senate and the progress of Canada if I had not make these remarks in respect to this legislation. I hope that in the Senate we shall be able to make reasonable amendments to the bill to the advantage of Canada and its people. That is all I ask.

Hon. George S. White: Honourable senators, I wish to make a few brief remarks before this bill is sent to committee.

I commend the honourable senator who introduced the bill (Hon. Mr. Thorvaldson), as well as the honourable senators from Toronto (Hon. Mr. Hayden), Hanover (Hon. Mr. Brunt) and Grandville (Hon. Mr. Bouffard).

It seems to me that this bill presents an opportunity and a challenge to this chamber, because in the short time that I have been here this is by far the most important bill that has come before us. In this house there are many members of the legal profession from the two central provinces, each of which has at present a provincial succession duty act. I feel that the Senate is now presented with a glorious opportunity, not only to do a great job for all the people of Canada but to answer in a fine, creditable way much of the criticism of the Senate in the press.

An honourable senator said today that perhaps he was old-fashioned. Well, I am very old-fashioned, because I have always been opposed to the imposition of succession duty by any government. I do not think this is an occasion to discuss whether we should uphold the old act and compare it with the new one, but if we must have this legislation we should certainly remove the many injustices, the inequalities, and the things that are unfair in the bill now presented to us. The one good feature of the proposed new act, if one can call anything in it a good feature, is that at last there is a basic extension of the exemption.

Comments have been made in the other place, both in the house and in committee, as to the simplification of the proposed new act, and how easy it is going to be to administer. All I have to say on that is that if any honourable senator who has read Bill C-37 carefully and attempted to digest it can say that it is a simple bill, he deserves a medal of some kind. I think it is going to be much more expensive to administer—

Hon. Mr. Howard: Hear, hear.

Hon. Mr. White: —both from the point of view of legal fees and, as the honourable senator from Hanover (Hon. Mr. Brunt) pointed out, of difficulties of the executor over the four-year period. If that is followed further, and the executor has to keep certain assets under his control, or if there is a question of a bond, of audits, of income tax, and other things, I think there will be a tremendous amount of extra expense in the administration of the proposed act, which has been held out to us as a very simple one.

The first act was brought in as a war measure, in 1941—at least, I considered it as a war measure—when the country needed the money. At that time the rate was very high, estates over $5,000 being taxed. Prior to World War II there may have been some justification for succession duty, because up to that time income tax, as we know it today, simply did not exist. But today any assets in an estate represent, except in the case of capital gains, the energy, work and industry of a man and his wife, and to gain them the husband has already paid a very high and, in my opinion, often an excessive income tax.

The honourable senator who sponsored the bill stated that Ontario was the first province to introduce succession duty. The honourable senator from Grandville said that his province introduced succession duty in the same year. Whichever province introduced it first, it is no credit to it.

Honourable senators, we talk much in Parliament about our freedom, how much it means to us and how it has to be preserved. We all pay great lip service to private enterprise. Yet when a bill like this one comes before us perhaps we realize how much the individual in Canada today is controlled by the state. Not only has he very heavy income tax to pay, but in many cases he must pay tax on gifts to his family, and when he dies his estate is subject, at least in Ontario, to both provincial and federal succession duties.

Succession duty has been described as a tax that robs the dead. Another definition describes it as legalized robbery. Members of the legal profession who have had a great deal of experience in administering estates know only too well just how heavily the two succession duties, along with income tax, bear on an estate. There is much comment in the briefs that were sent to members of the Senate and of the other place as to the benefit that is going to accrue in having what is called an estate tax instead of the tax as we now know it, paid by the beneficiary of the successor. I wonder if the present way is not much the better way, because both in Ontario and under the present dominion tax the degree of relationship is recognized, and it is evidenced by the various degrees in which the tax is levied.

At the present time in Ontario there is no tax up to $50,000 if the property goes to husband or wife, or son or daughter, and other beneficiary in that class; but in Ontario if an estate of over $10,000 goes to brother, sister, niece, or anyone in that class, it is taxed. If it goes to a stranger, it is taxable on the amount over $5,000. It is quite true there is a different set-up under the present Dominion Succession Duty Act, but I would emphasize, honourable senators, that in both the Ontario act and the dominion act there is recognition of the degree of relationship in setting the amount of the tax. I for one cannot quite see how you can justify the proposed method of the same rate of tax for every degree of relationship. Surely no one is going to argue that a husband or wife, or son or daughter, has not the right to expect more from their parents than a total stranger; yet a total stranger, a nephew or niece, on any legacy is taxed at the same rate as a closer relative to the deceased.

The honourable senator who introduced the bill mentioned the fact that there would be no tax on any estate up to $50,000. Then he explained the basic exemption of $40,000 in the estate that is taxable; but yet if you get up an example of an estate of $60,000 going to sons and daugthers who are over the age of 21 years, you find you are taxed on $20,000. Well, in an estate of $50,000 going to sons and daughters all over 21, or going to anyone, there will be no tax. Now, I think there is an inconsistency there. To correct this the basic exemption should be at least $50,000.

Hon. Mr. Thorvaldson: Is the honourable senator referring to the proposed act or to the present act in regard to these figures he has given?

Hon. Mr. White: Under the present act $50,000 is exempt, but under bill C-37 you said yesterday that any estate up to $50,000 was not taxable.

Hon. Mr. Thorvaldson: Oh, no. An estate of $50,000 or less is exempt from taxation, but that is an entirely different thing from saying that there is a complete exemption.

Hon. Mr. White: Under this bill C-37 I cannot see that any estate up to $50,000 is subject to tax.

Hon. Mr. Thorvaldson: That is $50,000.

Hon. Mr. White: On $50,000 or less there is no tax.

Then in an estate of $50,000 going to anyone there is no tax; in an estate of $60,000 going to anyone, or going to sons or daughters

over 21 years of age, there is a basic exemption of $40,000, and it is then taxed on $20,000.

Hon. Mr. Thorvaldson: No.

Hon. Mr. White: To anyone over 21 years of age.

Hon. Mr. Brunt: Who dies without spouse.

Hon. Mr. White: Now, that is inconsistent and I think it should be corrected. It has already been mentioned that there is an exemption of $60,000 for the widow and $10,000 for the children and so on. There certainly is no misunderstanding about it, because the explanatory note that appears opposite page 9 states that the new deductions are not specific as to the persons concerned, and are applicable whether or not these persons receive a benefit from the estate.

Now, I do not wish to add anything to the very capable remarks that have already been made by other honourable senators covering that point, but there is another example where it is different from the present provincial act and the dominion act. There, if the money goes to the widow she has a certain exemption, and there is a certain exemption for the children. Take the case of an estate of $105,000, all going to the widow, and deduct debts amounting to $5,000. She has an exemption of $60,000; so, she is taxed on $40,000. The federal tax is $6,200, subject to whatever adjustment there may be from the provincial tax.

Now, the honourable senator who just took his place (Hon. Mr. Bouffard) dealt with the next matter that I wish to refer to, having to do with the value of the family residence. It seems to me that in allowing an exemption of $60,000 for a widow, sufficient consideration has not been given to the enormous increase in the value of real estate, such as summer cottage property, etc. In 1951 the figure was raised to $50,000, and it was provided that no estate up to that amount would be subject to duty. Well, if that was a fair figure in 1951, I do not think anyone would argue that that amount would be fair today.

In my opinion if the provisions in the present federal act were retained as to the degree of relationship, the exemptions to the widow and to the children should be greatly increased; then there could be a graduated scale of exemptions for the other degrees of relationship and for strangers, along with a graduated scale of tax, and in the end I think the department would collect more money than they will collect under Bill C-37.

The honourable senator who introduced the bill (Hon. Mr. Thorvaldson) stated that the reduction in taxes to the federal Government would run about 10 per cent, of present collections. I have a statement of the duty collected by the dominion Government in the years 1948 to 1957. In round figures, the following amounts were collected: in 1951, $34 million; 1952, $38 million; 1953, $38 million; 1954, $39 million; 1955, $44 million. In 1956 and in 1957 there was a big increase, but I think that most honourable senators realize the increase in those two years was due to the collections from two large estates.

Hon. Mr. Macdonald: What were the amounts in those two years?

Hon. Mr. White: In 1956, $66 million, and in 1957, $79 million.

So, if you take the average year as running from $38 million to $40 million, the decrease in revenue would amount to only $4 million annually, which is a small amount when spread over all the estates in Canada.

Section 3 (1) (f) of the bill reads as follows:

> There shall be included in computing the aggregate net value of the property passing on the death of a person—
>
> (f) Property held jointly by the deceased and one or more other persons, to the extent of the beneficial interest therein arising or accruing by survivorship or otherwise on the death of the deceased.

And on the opposite page the explanatory note reads:

> The deceased's share of the joint property is to be determined according to the extent of his interest in it and not the extent of his contributions to it as required under section 3 (1) (e).

In his testimony before the Banking and Commerce Committee of the House of Commons, as reported in that Committee's *Minutes of Proceedings and Evidence*, pamphlet No. 1, at page 17, the Minister of Finance stated that joint property would not be included in the estate. It is rather hard to imagine this provision being included in the bill in view of the minister's statement.

Section 43 of the bill provides for the placing of a lien for taxes on property situated in Canada, and it reads:

> —the minister may cause to be registered in the appropriate land titles or land registry office a caution of lien in prescribed form specifying the amount of such lien claimed under this act.

It does not say that he shall cause a lien to be registered. When this matter was discussed in the House of Commons the Minister of Finance went to some pains to draw attention to the great importance to be attached to section 43.

At page 3404 of the House of Commons *Hansard* the minister is reported as follows:

> —because of the existence of this statutory lien created by clause 43 it will be the responsibility of persons dealing with property in which a deceased person had an interest, where his successors or

personal representatives are issuing instruments affecting the title, to take the responsibility—

And listen to this:

—and the purchaser will have the same responsibility cast upon him for his own protection—of making sure that the estate tax has been paid—

Of course the best evidence of that would be the production of the estate tax release in respect of that particular estate.

Now, the minister did not say that the production of the estate tax release would be sufficient or conclusive—he did not go that far—for the wording of section 43 is very plain, that there is a lien on all land in Canada until all the taxes are paid. I wonder how the average solicitor is going to satisfy his client who purchases realty from an estate, that he is getting a clear title, free of any succession duty taxes that may come up.

Hon. Mr. Euler: You can't be sure of it for four years, anyway.

Hon. Mr. White: No, you can't be sure for four years.

In the province of Ontario the Provincial Treasurer issues a certificate for registration covering real estate, in which he certifies that all duty has been paid or security for payment has been given. If the property is listed, that certificate is registered. It seems to me that it would not be very difficult to have some similar system under the federal act. The federal release states, "Consent is hereby given to the delivery, assignment, transfer, or payment of . . .", and then follows a description of the asset. On the face of it this release would appear to be sufficient, but I cannot see how it can be accepted as sufficient in view of the provisions of section 43. That is one of the few things which, in my opinion, are going to cause difficulty in the transfer of realty and will add considerable expense to the administration of the estate.

Hon. Mr. Brunt: Would the honourable senator permit one question?

Hon. Mr. White: Yes.

Hon. Mr. Brunt: When the release or consent is issued by the dominion Government consenting to the transfer of the property, would not the Government be estopped from asserting any claim in view of the consent they have given to have the property transferred? Would not the doctrine of estoppel apply?

Hon. Mr. White: No, I would not take that at all. You have had enough experience in dealing with Government officials to know how far you would get in that respect. As I read section 43 there is no loophole in it, release or no release.

Hon. Mr. Aseltine: What does the section say?

Hon. Mr. White: It reads:

Any amount payable as tax, interest or penalties under this Act by a person as the successor to any property passing on the death of a deceased shall, where the property to which that person is the successor consists in whole or in part of land situated in Canada or any estate or interest in any such land, be and continue to be for as long as that amount or any part thereof remains unpaid a lien upon such land or such estate or interest in favour of Her Majesty, and the Minister may cause to be registered in the appropriate land titles or land registry office a caution of lien in prescribed form specifying the amount of such lien then claimed under this Act and shall thereupon by registered mail notify each person appearing by the records of such office as having any estate or interest in such land of his action.

I think that section is very plain. If it said the minister shall within a certain reasonable time file a caution in the registry office, then you would have some protection in the registry office.

Honourable senators, there is also the question of interest. These are small points. There is a 5 per cent penalty charged by the Government, but it pays only 3 per cent on over-payments; yet, where there is a decision by the minister or by the court, interest is allowed on over-payment at 5 per cent. Surely that is inconsistent.

The act specifically sets out that no change has been made by way of allowing deductions for executors' fees or legal fees in the administration of estates. Certainly the beneficiary does not receive that part of the estate.

Hon. Mr. Connolly (Ottawa West): Has the honourable gentleman any suggestion to make in that respect?

Hon. Mr. White: Yes; I will come to that point in a moment.

Not only does the Government levy succession duties on these fees, but the people who receive them in turn pay income tax on them. So, the Government levies two sets of taxation, succession duty tax and income tax, on the same money.

Hon. Mr. Brunt: What about sales tax?

Hon. Mr. White: There is no sales tax yet.

At the present time both the Province of Ontario and the federal Government allow funeral expenses and certain court fees in obtaining probate or administration.

Hon. Mr. Aseltine: The filing fee.

Hon. Mr. White: So the provincial and the federal Governments have shown some recognition in this respect. They recognize

that the deceased must be buried, and they allow those expenses; they also recognize that the estate must be administered, and they allow a very small part of that cost. In Ontario we call it the Surrogate Court fees.

Hon. Mr. Connolly (Ottawa West): Of how much?

Hon. Mr. White: The actual court fees on the issue of probate.

Hon. Mr. Macdonald: The Surrogate Court fees.

Hon. Mr. White: Yes. I am saying that they recognize that the estate must be administered. There are certain expenses, and they allow that item.

My contention is that if it is proper to allow court fees, it is just as proper to allow all other expenses in connection with the administration of the estate, including all legal expenses, disbursements and executors' fees. These should be deducted before computing succession duties. Now, in Ontario—and no doubt the same applies in all other provinces —we have a tariff set by the court for the legal fees in the administration of an estate. On the audit the court sets the amount of the fee to be allowed to executors. I cannot see any great difficulty in working out a flat rate as a deduction for executors' fees and legal fees, based on the value of the estate. Quite true, in some cases the amount allowed can be a little high, and in other cases it would be low, but I think a fair and accurate basis can be arrived at.

The honourable gentleman who spoke before me indicated that he was satisfied with the six-month period allowed for the payment of duty without interest. Every lawyer knows of some incidents where certain assets have had to be sacrificed in order to obtain money to pay duty before interest was charged on it. The honourable gentleman was speaking about what could happen in computing the value of estates, and he mentioned that in April or May of 1957 there was a considerable drop in the value of bonds. I recall that I had an estate in my office at that time which had an asset of 650 shares of International Nickel. Unfortunately, on the day on which the deceased died that stock closed at a value of $109 and some cents a share; by the time the estate was in shape to be administered the stock was down to $70; it has gone as low as $69, and is at the present time around $80 a share. This is another illustration of the fact that if an executor is forced to take the valuation of the estate on the day the deceased dies, it is not always fair.

I have heard it indicated that this bill is not to come into force until January 1, 1959. It was indicated yesterday by the honourable senator who introduced the bill, when he read a statement from someone in the Department of Finance, that a very singular change would be made when the bill comes into force, as the duty would be a debt against the estate. Now it is all very well, honourable senators, to say that an individual should know the law. There are tens and hundreds of thousands in Canada who will not see *Hansard* and who will not know the significance of this bill in relation to their wills. It is not unusual for a father to give specific legacies to his children and grandchildren and leave the residue to his wife. Now, if he did not change that will, it seems to me that the grandchildren who are to get specific allowances will be paid in full, and the widow, who gets the residue of the estate, will have to pay all the succession duty. In that respect the present system is not too bad. I would point out that with the exception of an amendment in 1951, it has taken 17 years for this act to be revised. It seems to me therefore, that now we have the opportunity we should scrutinize this bill very carefully indeed.

In conclusion I wish to summarize a few suggestions I have outlined.

1. Basic exemption for preferred beneficiaries, $100,000.

2. A graduated scale of exemptions for other relatives and strangers, the graduation being according to degree of relationship.

3. Extension of time for payment of duty to at least twelve months.

4. Rate of interest on overpayment to be at the same rate as charged by the department.

5. A flat rate to be worked out for executors and legal fees, and to be allowed as a deduction from the value of the estate.

6. Provision for the protection of both the executor and the purchaser in the sale of realty.

7. Provision for advertising in the daily press of the importance of the changes in the act.

8. Provision to limit the personal liability of the executor and to give him the right to obtain a certificate of discharge.

9. Some provision as to the valuation of the estate, with some option of continuing the right to choose a date other than the date of death.

Hon. W. Ross Macdonald: Honourable senators, I do not intend to take much of the time of this house in discussing this bill. It is, without doubt, one of the most important measures which have been presented to us this session, and I think I can say that the present debate is one of the best that has taken place in the house this year. The discussion has been very informative. I read

daily reports of the debate in the other house, and also the report of its committee meetings, and so far as I am concerned I have found the discussions here much more informative, and presented in, shall I say, a most judicial manner. No animosity has been evident, and no partisanship shown. I thought the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) introduced the bill in the manner in which legislation such as this should be presented, and set forth the main features without going into too much detail. Every honourable senator who followed contributed greatly to the debate. One thing I have noticed, and which I think other honourable senators must have observed, is that no one has come to the rescue of the honourable senator who introduced the bill, by supporting it.

Hon. Mr. Brunt: We supported it with changes which were thought necessary.

Hon. Mr. Macdonald: No, no one has come forth in support of this bill. I am not going to heap more coals of condemnation on it. Honourable senators must have been impressed with the fact that not only has it received, apart from the honourable senator who introduced it, no support from anyone, but it has not even been damned with faint praise. All speakers wholeheartedly condemned it. That is a most unusual situation.

Hon. Mr. Aseltine: I would not say that that is so. They mentioned certain things in the bill which they did not like, but mostly they talked about the old act.

Hon. Mr. Macdonald: When the discussion was through they had left very little for the promoters to rejoice about. I repeat that almost everyone seems to be wholeheartedly against the bill. For my part I shall not take up the cudgels on behalf of the introducer, nor am I going to attempt to support the bill. No doubt it contains some good features and, without doubt, some very bad features.

One thing I like about this debate is that honourable senators have now given notice of the objections—and there are many—to the bill. One honourable senator has particularized the amendments which he proposes to put forward when the bill gets into committee. Others have set forth clearly their objections. So we know what we are going to discuss.

As to the procedure in committee, I think the bill should get to committee as soon as possible and we should hear representations there from all organizations and individuals who want to express their views. That course is traditional with Senate committees. I do not believe that any Senate committee which ever sat has refused to hear anyone who wanted to come forward and express his views.

I feel that in this case it is more important than ever we should hear these representations. Why do I say that? It is because upon reading the reports of the committee meetings held in the other house I see that no one was permitted to present his or her views in person. It is true the representations which had been put in writing were distributed amongst the members, but they were not included in the committee's reports.

Hon. Mr. Connolly (Ottawa West): Some were read into the record.

Hon. Mr. Macdonald: I think the honourable senator from Ottawa West (Hon. Mr. Connolly) will agree with me that very few were read into the record, and this was only done after a persistent demand by a member of the committee.

Honourable senators, that is not good enough for Senate committees. I hope that when the committee does meet it will agree to hear representations from all who want to come forward and express their views. This is an extremely important bill and should receive our very careful consideration. In conclusion I again wish to congratulate the honourable senator who introduced the bill (Hon. Mr. Thorvaldson) and all those who have taken part in this very worth-while debate.

Hon. W. D. Euler: Honourable senators, this debate has been very refreshing, so far as I am concerned. Those of you who have been in this chamber for a good many years know that I have advanced on more than one occasion the theory or idea that when a man or woman enters this chamber he or she should forget party affiliations to a great extent and that all questions should be decided here pretty much on their merits alone. It is for this reason that I say the debate has been a most refreshing one. We have heard supporters of the Government being just as free in their criticism of the bill as those on this side. Up to now the debate has been carried on entirely by members of the legal profession, but I understand that my good friend from Wellington (Hon. Mr. Howard), who like myself is not a lawyer—

Hon. Mr. Connolly (Ottawa West): He should be.

Hon. Mr. Euler: —is also going to make some comments. I have an advantage over him in that I am the first layman to speak on the bill here. I really do not intend to discuss the bill itself but merely to make one or two suggestions. I think everyone will

agree with me that succession duties are entirely too high. As the honourable gentleman from Grandville (Hon. Mr. Bouffard) has said, in many respects they have been confiscatory and have had a great deal to do with suppressing the enterprise of ordinary persons. They feel that what they accumulate will very largely go to the Government.

I was impressed and surprised by the fact that the average annual revenues from succession duties in the past five or six years have been just about $38 million, barring those two years when the big estates were distributed. Now, $38 million is a rather respectable sum—

Hon. Mr. Brunt: Be careful. That is quite a sum.

Hon. Mr. Euler: I say that it is a respectable sum, but it is a relatively small one when you think of the $4 billion or $5 billion spent every year; in fact, when you consider all the difficulties and objections to them, it is hardly necessary to have these succession duty revenues at all. I have no personal objective, in this matter but I think it would be well to wipe out succession duties entirely, because the revenues are small, considering the difficulties of raising them.

From the proposals that have been made today I gather it is felt that there should be public hearings. I agree wit hthis. The objections to the bill are so many and varied that I do not see how it is possible to get the bill through this session if it is going to close within any reasonable period. I think the bill is so important that public hearings should be held, at which anyone who desires to do so may express his or her views, so that a new bill may be prepared that will remedy not only the defects of the bill before us but also the defects of the present act.

Those are the thoughts I wanted to express now: first, that I think this legislation is hardly worth while, because of the proportionately small amount of revenues collected; and secondly, that if we must have the legislation, it should make the right kind of provisions—and we cannot put such legislation through this session.

Hon. Charles B. Howard: Honourable senators, I had intended to make some extended remarks on this bill but, as I am entirely in favour of its going to committee as soon as possible I will be brief so that the sponsor may be able to close the debate tonight.

This is the most important bill I have heard debated by either the House of Commons or the Senate in my 34 years in Parliament. It is generally realized to what extent this legislation affects the people of Canada. Most think it affects only a few, but it has a tremendous impact on all Canadians. If it goes through in its present form it will do more to hold back our country than any single piece of legislation I have seen put on our statute books. Like my honourable friend from Waterloo (Hon. Mr. Euler) I believe that we should go into the matter properly and hold the bill over for another year. It has been stated that the legislation would not go into effect anyway until January 1, 1959. We will have a session next year, and if the Senate takes over the job of making this bill into a good piece of legislation, following out the suggestions that have been made by those who have spoken to the bill today, we won't be doing anybody any harm.

I was much impressed by the remarks of the honourable senators from Hastings-Frontenac (Hon. Mr. White), Hanover (Hon. Mr. Brunt), Grandville (Hon. Mr. Bouffard) and Toronto (Hon. Mr. Hayden). I agree with everything they said, and my only hope is that when the bill gets to committee it will be held over until another session so that we can deal with it properly. Possibly we can get an Estate Tax Act that will displace the present Succession Duties Act and render a better service to all Canadians.

Hon. John T. Haig: Honourable senators, I want to say a word or two on this matter. I was amazed at the remarks of the honourable Leader of the Opposition (Hon. Mr. Macdonald), who has been here for a good many years now. He said he was surprised to find some opposition on the Government side to a Government bill. Well, he will see more of that before he is through, for some of us over here would like to have our own opinion and if we don't agree with what the Government is doing we want to say so.

Hon. Mr. Macdonald: Good for you.

Hon. Mr. Haig: However, my point is this: I have served in this house for 23 years, I served in the Manitoba Legislature for 16 years before coming here, and I have never yet seen anyone come before a committee to speak in favour of a bill the purpose of which is to put a tax on somebody. You can hold all the meetings you like from now until next January, and I venture to say that you will not get anybody to come and advocate the taxing of estates. Of course, you may find some queer fellow who is in favour of it, but that is all. It may be that an exemption of $50,000 is not very much to a man in Montreal, Toronto, Hanover, or places like that, but I am from a part of the world where an exemption of that kind is pretty big, and where $50,000 is considered quite an estate. A very few have left estates bigger than that, and when they did their names were published in the newspapers, along with a story of what they did and how they got their money.

The great difficulty with calling officials of Government under any party to give information to a committee is that they seem to be set apart to protect the state and do not realize that the ordinary men and women who have to pay taxes are citizens who want to pay their debts and are seeking consideration. It may be that such citizens don't quite understand the tax or their liability and they raise an objection.

In our province of Manitoba—and I think this applies in Saskatchewan as well when a man dies the wife can take a third of the estate without touching the will at all. The will does not bind the wife, she can take that third by right.

It has been said that the Minister stated the purpose of the bill was to reduce the succession duty tax by about 10 per cent. My honourable friend said it amounted to only $39 million. No doubt he recalls that some of the provinces pay taxes the one to the other, as in the case of Ontario and Quebec. In Manitoba we pay taxes to Ontario from estates in Manitoba. For instance, if you own stock in Ventures Limited, or such a company, you have to pay taxes on that stock in Ontario, and they are exempted in Manitoba.

The Government claims that it is trying to reduce the tax 10 per cent. If it can be shown that they are not doing so, that part of the bill can be criticized. But no one has shown me yet that the reduction is not correct.

On the question raised by the honourable member from Toronto (Hon. Mr. Hayden), I feel very strongly. I like legislation that states clearly what the law is, so that the man who runs may read. I do not object to the bill; in fact, I think it is an improvement over the present act, because it seeks a reduction in tax of 10 per cent. Whether the tax could be reduced further or not I do not know, but at least it is a step in the right direction.

I can see no good purpose for sending the bill to committee if we are likely to take six months to deal with it. I think the Leader of the Government (Hon. Mr. Aseltine) should consult with the Minister of Finance and tell him that there is a feeling among some of the members of the Senate that this bill should be further considered by the Senate, as was done in the case of the Income Tax Act, and that we would like until next January, or perhaps March, to consider the whole matter, and to draft a bill in such a way that all will understand it and the people will be in favour of it. If anyone wants to make that suggestion, I am all for it, but I do not believe any purpose would be served by sending the bill to committee for a two- or three-day discussion. We would never reach agreement. The honourable members from Hanover (Hon. Mr. Brunt) and Toronto (Hon. Mr. Hayden) put forward suggestions that would take a great deal of drafting by good lawyers. I am not saying there are not good lawyers in this house—there may be, but I am not in that class. Even good lawyers would have trouble redrafting this bill, but that is the way it ought to be done.

I feel bound to say, however, that having listened to the criticisms of the bill, I still feel that it was drafted with good will and in an attempt to reduce the taxes ten per cent. It seems to me that it is my duty as a senator from Manitoba to try to reduce taxes every place I go. This is a start in the right direction, and I am in favour of the idea. I will go further and say, rather than to be misunderstood, that I think the Senate can perform a duty here that no other branch of Parliament can perform. We can help the Government of the day by drafting legislation that is clear to the public, that will do what it proposes to do, and that will not lead to lawsuits and misunderstandings later on. The men and women of this house who were engaged in drafting the legislation of the Income Tax Act will remember that in committee we spent weeks and weeks at the task, and the Government of the day finally adopted the bill, which is now still the law of the land and works very well.

Honourable senators, I am convinced that if this bill goes to committee it will end in a deadlock. If a delegation attended the meetings we would be listening to them for weeks. I understand that it is hoped to prorogue Parliament by the end of August. I do not care if Parliament continues longer than that, but I am sure there would not be sufficient time to discuss this bill thoroughly in committee. I think we should try to contribute the one thing that the Senate is specially capable of doing better than anybody else, and I say that without conceit or boasting. We have the facilities, the personnel and the time. We have no political battles to fight, because that is all over. All that it is necessary for us to do is to sit down and take time to listen to the people who want to make representations, and then draft the legislation, consider it as if we were a court of law, and make it say exactly what it means. Then I believe it will be accepted by the people of this country.

Hon. Mr. Euler: May I ask the honourable member a question? He says how it should be done. Does he want the work to be done by a special committee? He has already said he does not want it referred to a standing committee.

Hon. Mr. Haig: It could be done by a standing committee. However, it might be most inconvenient for some members to come. I would prefer that preliminary meetings be held to get the organization under way this fall; that could be done before we leave Ottawa for our homes. Then we could meet in January. The honourable senators from Toronto (Hon. Mr. Hayden), Hanover (Hon. Mr. Brunt), and Hastings-Frontenac (Hon. Mr. White) have made statements and recommendations which could be prepared for drafting, and then we could tell the Government what we want. We could hear delegations when we meet in January, or whenever the new session begins, and then have the draft ready. That is what I would prefer to do. I would send it to any committee you like, even to a special committee, depending on what the house wishes. We did it before. At one time we had a special committee on which 50 senators were members. I would be in favour of such a committee in this instance. What I want to do is to get 50 members of this house into an organization that will hear delegations, that will consider the legislation, and will then decide if the bill does what it is supposed to do. I don't say that the committee will adopt the legislation. But whatever they decide upon can be submitted to Parliament.

Hon. Norman P. Lambert: Honourable senators, I want to say one or two words by way of appreciation of the offerings that have been made in this debate. Personally I am under a debt of gratitude to those who have spoken, such as the honourable senator from Grandville (Hon. Mr. Bouffard) the honourable senator from Toronto (Hon. Mr. Hayden), and the honourable senator from Hanover (Hon. Mr. Brunt). What has been said has certainly clarified my mind with respect to this legislation.

My honourable friend from Winnipeg (Hon. Mr. Haig) well remembers the work that was done on a piece of legislation that may be regarded as comparable to this. That was in connection with the change of the income tax law from the Income War Tax Act to the present Income Tax Act. Now, honourable senators, if as much work had been done on this measure before it was submitted to Parliament at all as was done on the Income Tax Act by the special committee appointed by the Senate prior to 1949, I think we would have a very much clearer idea of the rather complicated provisions of this bill.

I would suggest, if I am in order, that in view of the lack of urgency in bringing the legislation into effect at the present time, sufficient time should be taken for full study of this matter by the Senate through the operation of a special committee, if necessary, if that should be considered more suitable for the purpose than the Banking and Commerce Committee.

Hon. Mr. Euler: You mean a special committee?

Hon. Mr. Lambert: Yes. Then we could have a job done on it comparable to the one that was done in connection with the revision of the Income Tax Act prior to 1949. If that were done I am quite satisfied we would not only render a worth-while service to the people of Canada as a whole, but we would certainly be fulfilling the function for which this chamber exists.

Now, in the other house, with all due respect to the debate there, its committe did not begin to deal with this legislation in a way that was comparable to any of the discussion that was contributed here this afternoon and evening. For that reason I certainly would like to see this bill held over for a while. Let it go to the Standing Committee on Banking and Commerce on Monday, if necessary, and watch developments.

Hon. Mr. Aseltine: Don't you think we had better let that committee decide what to do, rather than tell it now what to do?

Hon. Mr. Lambert: I am not attempting to instruct the committe at all; I am just suggesting the line that might be followed in order that we and the public might make a more thoroughgoing examination of the purpose of the bill.

Hon. W. M. Aseltine: Honourable senators, I have always been very much interested in succession duty matters because we have a great deal of work to do in that connection in the province I come from. When the House of Commons introduced the draft bill last January, gave it first reading and then sent copies of it all across Canada, I took several copies home to Saskatchewan, distributed them and had meetings with lawyers and others with respect to the same. They were all of the opinion—not only lawyers, but laymen and others who came in to ask questions about the bill—that this was a great improvement over the present act. They liked the increase in the exemption in cases where there was a widow and where there were surviving children.

It has been said here today that if the testator did not leave his widow and children anything, there would be no duty at all if the estate went to somebody else. I would like to point out that in the province of Saskatchewan, and in most of the other provinces I know of, there is legislation to the

effect that no person can make a will leaving his widow less than she would get if he did not have a will. Under the law in force in the province of Saskatchewan in this respect, a widow can make application to the courts within six months or so of the death of her husband, and the courts have power to allow her the whole estate if they think it is required to keep her and the children. They do that quite frequently.

Hon. Mr. Macdonald: That is, if she is a dependent widow. What if she has means of her own?

Hon. Mr. Aseltine: That is taken into consideration.

Hon. Mr. Macdonald: Not at all. Under this bill, if she has means of her own the husband can leave his estate as he wishes.

Hon. Mr. Aseltine: I mean to say that what property she has is taken into consideration, but in the case where a widow is left without much property she can make an application to the courts and possibly get the whole estate.

Honourable senators, I think the proper thing to do is to have the bill referred to the Standing Committee on Banking and Commerce for consideration, and it will be up to the committee to decide whether it will hear those who are in favour of the bill and those who are opposed to it. I myself think this is a good bill and a big improvement on the present act.

Much of the debate this afternoon and evening has been with respect to the deficiencies in the bill. I do not say that this bill or the present act, or any other succession duty law, is perfect. I might like to see things changed considerably, but I do not think that we should say that just because this bill is not satisfactory to everybody we should not deal with it and pass it, if Parliament thinks it should be passed.

I would like to see the bill referred to the Standing Committee on Banking and Commerce, where we could hear a statement from the minister.

Hon. Mr. Macdonald: The committee has to decide that, as you just stated a moment ago.

Hon. Mr. Aseltine: Yes. If the committee agrees, I would like to hear a statement from the minister and also what some of these other people have to say.

The debate today has been a good one. I appreciate the fact that we have had some fine addresses, and features have been pointed out that should be considered carefully and weighed. I do not know just what power the Senate has to make amendments to bills concerning taxation such as this, but that can all be threshed out at the proper time. So I think that when the debate on second reading is concluded the bill should be referred to the Standing Committee on Banking and Commerce for consideration.

Hon. J. Wesley Stambaugh: Honourable senators, perhaps the house should hear from another layman. I am not interested in this bill from a lawyer's point of view, but rather from the angle of an executor, in which capacity I have served on several occasions.

My main purpose in rising at this time is to compliment all honourable senators who have discussed this bill. It has been the most reasonable and most informative debate I listened to from both sides of the chamber since I came to this house. I believe if the members of the Banking and Commerce Committee show the same reasonableness as has been shown in the debate in the chamber, no difficulty will be encountered in arriving at a satisfactory solution to the problems.

As a layman, I compliment all those who have taken part in this most informative debate.

Hon. Gunnar S. Thorvaldson: Honourable senators,—

The Hon. the Acting Speaker (Hon. Mr. Choquette): Honourable senators, if the honourable senator who moved second reading of this bill speaks now, he will close the debate.

Hon. Mr. Thorvaldson: In closing the debate I shall keep the house for only a few minutes, for the purpose of making one or two cursory remarks.

First, may I thank honourable senators most sincerely for the very kind references they have made to the manner in which this bill was introduced in the Senate. I know they do so because of their very great generosity to a new member of the Senate. But despite that, I heartily thank them for their courtesy to me in my performance of this task. Honourable senators, as the session draws near to a close may I say this courtesy to which I refer is in conformity with every action of the older senators towards the newer members of this house. That is one of the characteristics of this chamber which makes life here very pleasant for a new senator.

With respect to the bill, may I say that it has been under consideration by the Department of Finance since about 1954. Although the bill is Government legislation, it apparently was under consideration before the change of administration in 1957.

With respect to the very able and capable debate which has taken place on this bill in this house, may I say that I do not believe the main principles behind the measure have

been seriously attacked. True, we have had an excellent discussion with respect to many of the clauses in the bill, and I am in full agreement with a considerable amount of the criticism of detail that has been made by various senators, but I do submit that the main principles of the bill have not been seriously questioned during the course of the debate.

I should like also to refer to the suggestion that has permeated the discussion to the effect that the impact of the estate tax on widows or children will be more severe under the proposed legislation than under the present act. If that is the impression in the house, it should be corrected, because I do not believe it is true.

In this respect I should like to be allowed to place on *Hansard* a short table which will demonstrate that the effect of the proposed act as it applies to a widow will not be as harsh as the present act. This example sets out figures which I had checked by the department, and has reference to a net taxable estate of $200,000 which goes outright to a widow in one of the provinces, except Ontario and Quebec.

	All provinces other than Ontario and Quebec	
Dispositions of net estate of $200,000	Present Act	Proposed Act
Outright to widow	$42,660	$28,600

It is apparent from that table that the widow, under the new act, would benefit to the extent of $14,200.

Hon. Mr. Bouffard: Are you talking about $200,000 being the amount on which the tax is imposed, or $200,000 representing the whole estate?

Hon. Mr. Thorvaldson: The whole estate.

Hon. Mr. Aseltine: That would be its aggregate value.

Hon. Mr. Thorvaldson: The aggregate value less debts.

Hon. Mr. Euler: Not the taxable value?

Hon. Mr. Thorvaldson: The reference here is to the net taxable estate.

Hon. Mr. Bouffard: Of $200,000.

Hon. Mr. Thorvaldson: $200,000.

Hon. Mr. Connolly (Ottawa West): Net, after debts.

Hon. Mr. Thorvaldson: Honourable senators, after the bill has been given second reading, I shall move that it be referred to the Standing Committee on Banking and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Thorvaldson, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, August 15, 1958

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

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the table the following:

Copy of the Capital and Operating Budget of the Federal District Commission for the fiscal year ending March 31, 1959, together with copy of Order in Council P.C. 1958-1129, dated August 12, 1958, approving the same, as required by section 19 of the Federal District Commission Act, Chapter 112, R.S. (English text).

LAKEHEAD HARBOUR COMMISSIONERS BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-26, to incorporate the Lakehead Harbour Commissioners.

Motion agreed to and bill read third time and passed.

HOUSING

REPORT OF FINANCE COMMITTEE—MOTION FOR ADOPTION—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Committee on Finance on the report of the Central Mortgage and Housing Corporation for the fiscal year ended December 31, 1957.

Hon. R. B. Horner moved that the report be adopted.

He said: Honourable senators, as Vice-Chairman of the Standing Committee on Finance, it falls to my lot to perform a somewhat unusual duty. On the evening before he passed away, the late Senator Hawkins, Chairman of the committee, prepared in writing the remarks he intended to make in the house when moving concurrence in the committee's report. His room-mate passed them along to me, and I think it would be the wish of honourable senators that I simply read the same. Honourable senators will have no doubt at all as to who prepared the remarks for in them is reflected a plain picture of our late colleague.

In asking you to concur in this report I do so with considerable confidence. Since the war there has been a tremendous advance made in providing housing for our people. The report of the Central Mortgage and Housing Corporation, which has been under review by your committee, gives us a pretty clear indication of the achievement in the housing field in recent years.

The corporation, I think, has made a most valuable contribution in its effort to provide not only houses and homes but houses which are structurally sound, whose facilities are adequate for comfortable living and capable of serving for the maximum length of time, with proper care and attention from their owners.

One of the other accomplishments of the corporation is that they pretty well assure the buyer that he is getting what he pays for. Sometimes I do not think the contribution they are making in this field is fully appreciated. Of course, the main responsibility assigned to the organization was the arranging for mortgage money for home building at reasonable rates of interest and for longer terms than is usual practice. I am sure you will agree that their success in this phase of their endeavours has been commendable.

There is a concept of government with which I most heartily agree and it is that, after the maintenance of law and order, their next responsibility should be the creation of conditions wherein each citizen would have an opportunity to help himself, improve his own position and participate with his fellows in achieving a satisfactory standard of living. I can think of no better demonstration of the principle I have just mentioned than the achievements of the Central Mortgage and Housing Corporation. Each home owner who has secured a house under the guidance and facilities of the corporation can not only enjoy the satisfaction of owning his own home, but the almost greater satisfaction of knowing he has paid for it himself—or is paying for it—without any handout from the taxpayers of this country.

Now, I would like to refer to the subject of home ownership. The economic health of a country is measured by its housing, but I will not digress today to discuss the economic aspect of housing. However, I would earnestly draw the attention of honourable members to the benefits which can and do accrue to this country by virtue of a large number of home owners. Many of us will recall with happy memories our early days in our old homes, and I am sure that almost all honourable members will agree that, in this atmosphere in which we were brought up, the sense of stability and of belonging to the community has granted us a benefit which has been with us most of our lives.

It is a matter of pride to me as a Canadian to learn that almost two-thirds of the housing units of this country are occupied by their owners. While this is a good thing for the country as a whole, in my opinion it is particularly good for the home owners themselves. The circumstances and state of mind of our citizens is a matter of concern to all who are dealing with the affairs of this country. Any Government, regardless of its political hue, cannot fail to derive advantages if this high proportion of home ownership continues.

What are these benefits that I speak of? First, I would suggest that an added sense of responsibility is given to a man who acquires a home of his own. This pride of ownership, this knowledge that he has a stake in his own country, must of necessity give a sense of belonging to the community in which he lives. The very fact that he is the owner of a piece of property, however small, is enough to make an owner more conscious of civic affairs and more alive to the needs of the district in which he resides. With the acquisition of a house comes a greater resourcefulness. No normal man of modest means is going to pay for things he can do himself. This sense of resourcefulness and creation is a great character builder. However modest a home may be, it can always

be improved, and there is no greater satisfaction than having done it with one's own hands. This applies not only to the dwelling but to its surroundings, its garden and its part of the immediate neighbourhood.

More than any of these things is the influence on the children who are brought up in a home of their own. No family can feel as stable as the family which is living in a house of its own. From early childhood, through adolescence, on to adulthood, the young human being can develop its sense of belonging to the neighbourhood, of being one of a group of people who, by their own efforts, are part owners of the community. The natural development of a child is imperative to good citizenship. This development, while it can certainly take place within an apartment dwelling, is, nevertheless, under such circumstances, more restricted than to a child who, when he says he is going home, can really mean that he is in fact going to his own home and not to some rented dwelling, from which he will be removed every few years.

As we all know, this is a young and spirited country, and it is good that our young are content to travel to where the opportunities are best. Nevertheless, a stable population is also necessary for the natural development of the country. Houses, like good wine, improve with age, if they are looked after. I would suggest that people themselves improve after a period of living in homes of their own. They are proud of their homes, they are proud of the development of the children as part of the community, and, as I have said, there is a much greater consciousness of civic affairs, of religion, and the many activities originating in a well-established and stable community.

I realize, of course, there are many people who will never own their own homes. I also realize that it will always be necessary to provide rental accommodation. I would suggest, however, that the main resources of our housing legislation, whether it be federal or provincial, should be directed to assist, or maybe I should say provide, opportunities to citizens to own homes of their own. We live in a free-enterprise system. Such a system can only thrive if its citizens are resourceful, imaginative and self-reliant, and I would suggest that there is no better method of increasing these attributes of our citizens than assuring that there are adequate facilities for them to acquire homes of their own.

From the national point of view it is obvious that such people will be better workers, better employers and better all-round citizens, from the standpoint of developing communities in which they and their neighbours live happily and harmoniously, and thus contribute to the building of a nation which could well be a model of self-reliance, stability and good living.

You will notice that I have in this talk avoided any definite reference to the economic value to the individual citizen of home ownership, but I should like to direct your attention to the fact that the stabilizing influence of home ownership tends to strengthen the economic position of a nation.

And now, to conclude, I wish on behalf of the committee to express our appreciation and thanks to the many persons who appeared before us. Almost without exception, their contributions indicated their earnest desire to add to the information of the committee and also to have a part in assisting the corporation and all concerned with it to make an even greater contribution to better housing. Also, to the staff of the Committees Branch, a well merited thanks for their excellent co-operation during the hearings of the committee.

Honourable senators, that completes the readings of the text prepared by the late Senator Hawkins. In the normal course of events I perhaps should have something to say about the report. Suffice it to say, I entirely agree with it.

Perhaps it is an opportune moment to add a few words of appreciation to the Central Mortgage and Housing Corporation and in particular to Mr. Stewart Bates, its President, for the very valuable information he gave the committee. I have in my hand a press clipping from this morning's *Globe and Mail* concerning the increase in house-building permits of this June over last June. It reads:

> Value of building permits issued by Canadian municipalities were 36.7 per cent greater in June at $235,000,000 compared with $172,000,000 in June last year, the Dominion Bureau of Statistics reports.

Of course that is all to the good, because many trades are helped by the house-building program.

Hon. Donald Smith (Queens-Shelburne): Honourable senators, it was indeed a fine tribute to our late beloved colleague, Senator Hawkins, that the honourable senator from Blaine Lake (Hon. Mr. Horner) saw fit to read to us what were, in all probability, the last written words of one of the wisest of us all. This was not a difficult choice, I am sure, for the honourable senator from Blaine Lake, because no doubt he has found ready acceptance of the philosophy so well expressed.

It seems to me as though the late Senator Hawkins may have had a premonition of the shortness of time that was to be his, and in that short time he called upon his many years of experience and reflection to produce this most valuable exhortation to us all to realize more fully the meaning and value of a home, not only to the individual, but to the community and the nation. I hope that his words of truth and wisdom will be read by many of our fellow Canadians, so that they may reflect on and consider their individual attitudes regarding the real values of home ownership.

Honourable senators, at the outset of my remarks I wish to say that the members of the Finance Committee, after having examined thoroughly the operations of the Central Mortgage and Housing Corporation, could have nothing but the highest compliments for Mr. Bates, the President of the corporation, and his officials and employees. All of us are in agreement with the report in this connection. During the examination of the subject the committee was greatly assisted, indeed, by representatives of organizations outside the Government service, and we are grateful for their help. For

the information of those who are not members of this committee, and so that they may realize the scope of the examination, the names of these organizations should be recorded. They are: Canadian Construction Association, The National House Builders Association, Community Planning Association, Dominion Mortgage and Investment Association, Canadian Bankers Association, National Conference of Canadian Universities, and Canadian Federation of Mayors and Municipalities.

In beginning my remarks on the housing problem which faces the Canadian people today, I can do no better than to quote what was said by Mr. Bates, as recorded at page 224 of the Proceedings of the Standing Committee on Finance:

> I know that we have almost 4 million houses in Canada and that we have 6 million children at school. It will not be too long before they are going to marry and they will require at least 3 million homes. I don't know how you gentlemen felt in the twenties or thirties, but the fact is that the housing stock in Canada must almost double in the next 15 to 20 years. This you must accept. Whether it will be Toronto that will grow to that extent or whether there should be three new cities of a million population each, I don't know. That is not my problem. I believe the most important consideration confronting Canadians is that we have 6 million children at school, and 3 million families to be housed in the future.
>
> We are educating them now. There is a housing stock of 4 million, of which a very large percentage is over 50 years of age. Some are decrepit and rat-infested, and on top of this we have 3 million new families that will have to be housed very soon. As I have said, this is the essence of the national problem.

I only wish that I could quote these words in the dramatic and forceful manner in which they were delivered, and with such effect, by Mr. Bates. This statement seemed to straighten out the thinking of the committee in so far as the dimension of the housing problem is concerned. It is clear, then, that if housing is to be made available at least for these 3 million new family formations, houses must be constructed at an average rate of 150,000 per year. This figure is the expected rate for 1958, which is the highest, by a large margin, in Canadian history. To state the complete problem we must also consider the question of the supply of houses for immigrants, of whom there have been 1¾ million since the war. We must have a place in our calculations for the necessary replacement of losses by fire and deterioration. We must consider slum clearance, urban redevelopment as well as replacement of houses which have to be torn down for new arterial highway construction. I think it will be readily agreed that the rate of 150,000 new homes per annum is really a minimum one and that the whole problem is not one to prepare for in the future, it is before us now.

Since the war there has been a gradually increasing influence of national housing legislation on the growth of the house-building industry. During that period almost half of all new housing has been built with some form of federal participation, and in general all this has been done without cost to the taxpayers. It is evident that during these post-war years the development of the very many phases of the nation's housing legislation and its implementation have been carried out in an excellent and far-sighted manner by the former minister and his advisers. It was indeed gratifying to me, as it was to many others who were his former colleagues, to read in the record of Parliament the high compliment paid to the Honourable Robert Winters by his successor in office—and a very worthy one—the present Minister of Public Works.

As well as having a vital role in the social structure of Canadian life—as was so well pointed out by the late Chairman of the committee—the house-building industry has a tremendous part to play in the Canadian economy. We are inclined to think—and rightly so—of the automobile industry as being of first-rate importance in our economy, but it must take an inferior position when compared with the housing industry. Figures which have been recently published show that the highest annual production of the automobile industry in Canada, which was in 1956, had a value of $838 million. In comparison it is estimated that in this year of 1958 the value of the residential construction in Canada will be of the order of $1¾ billion, or more than twice the value of the production from the automobile industry. To this $1¾ billion worth of residential construction a large figure must, of course, be added for the cost of new electrical equipment, furnishings, et cetera, which are going into these new houses and the average expenditure on which has been estimated, as a result of answers to recent questionnaires, to be in the vicinity of $1,500 per housing unit. This makes an addition of another $¼ billion, a total value for 1958 of $2 billion for new residential construction and furnishings.

To continue to meet the minimum objective of 150,000 houses per annum and, eventually, to increase this rate, three immediate problems must be solved: There must be: (1) more lower-cost housing, (2) adequate supply of serviced land, (3) a steady and sufficient flow of mortgage money. All these problems are closely related and more or less interdependent.

May I refer first to the problem of the provision of more lower-cost houses. When it is pointed out that the average annual income of N.H.A. borrowers is $5,700, it is

obvious that the benefits of housing legislation are not reaching into the lower one-third group of wage-earning and salaried Canadians. There is therefore a great need of a lower-cost type of house, acceptable in construction by municipal standards, and acceptable as well to those in the lower income group.

The National House Builders Association has already designed a low-cost type of house which meets these requirements and on which Central Mortgage and Housing Corporation will approve loans. A model of this house has been built at a total cost of $8,000, including land, on which the down payment would be $800. The total monthly payments would be $60 and the income requirements of applicants for such a loan would be $2,700 a year or $52 a week. For interesting details of the plans and specifications of this low-cost type of house, may I refer you to the February issue of *The National Builder*, a publication of the National House Builders Association. An adaptation of this particular house has already been built in the Halifax area and has attracted a great deal of attention. Such houses can only be built within an $8,000 limit when there is reasonably priced serviced land. Where the lot is more than $500 the cost goes up accordingly. Low-cost housing is simply not feasible on high-cost land.

There is also a demand for an even more modest type of house in remote or rural areas, a house that would be priced in the $5,000 range and which would also qualify for N.H.A. loans. The members of the committee were glad to learn that architects of C.M.H.C. are presently working on the plans and specifications for such a house. It would be a stripped-down house, built without specialties. It could be designed, for instance, with bedrooms directly off the living space, doing away with halls or corridors. It could contain plain kitchen shelves, not fancy modern cabinets. There could be a simpler substitute for clothes closets. It could contain softwood floors—not birch or expensive oak. There could be provisions for "do-it-yourself" in connection with storm windows and screens. There could be one or more unfinished bedrooms, lending further opportunity for "do-it-yourself" which seems so popular and even essential these days. In other words, this type of house could take the form of an improved summer cottage. We understand that the plans and specifications will soon be published and be available for those living in areas in which such a house would be suitable, and we have been told that C.M.H.C. will lend directly or approve loans on it. I believe this will fill quite a gap in areas in the part of the country from which I come.

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Before leaving the subject of low-cost housing I should like to make brief mention of the unique co-operative housing plan in my province of Nova Scotia, under which many low-cost houses have been built. This plan operates under section 36 of the N.H.A., assisted by the services of the Nova Scotia Housing Commission, the only organization of its kind that I know of. This scheme is the latest manifestation of that pioneering spirit of co-operation that built the first homes by the sea and elsewhere and manned the fishing vessels, and which to this modern day is still carried on in the system of sharing in the catch. It is regrettable that there are not more general manifestations of this spirit of working and sharing together, not only in this country, but in the entire world.

I would like to say a few words on the second problem, that of having an adequate supply of serviced land at reasonable costs, which must be found, in order to make it possible to have more low-cost housing.

The committee was informed that the average cost of a serviced lot, which was $500 in 1947, rose to $1,600 in 1954 and then to $2,500 in 1957. Since this average figure includes the lower cost in many small towns, it is evident that in most metropolitan areas the average cost of lots at the present time is well in excess of $2,500. A typical case in a metropolitan area was brought to the committee's attention where the cost of the serviced lot was $3,600. The details of the breakdown of this cost were contained in the brief presented to the committee by the Toronto Metropolitan House Builders Association. I can summarize the breakdown by stating that in round figures the raw land costs $1,100; roads, curbs, sidewalks, sewer and water connection $1,900; municipal fees and contributions, plus overhead and miscellaneous costs amounted to over $600. In other words, whereas the land itself cost less than one-third of the total, the cost of the municipal services to the home owner was more than one-half of the cost of the serviced lot. Some few years ago the cost of these services was paid for over a long period of years by means of local improvement taxes, but now the municipal bond debt is being replaced by the mortgage debt of the homeowner. The municipalities now are either unwilling or unable to assume the responsibility which has always been theirs. The unwillingness of all the taxpayers of a metropolitan area to share the long-term capital cost of the "big pipes"—as they are often referred to—serving these great housing developments may or may not be a factor of importance. On the surface, it does appear to me that, having regard to the respective average incomes, municipal taxes in some of these metropolitan areas are not

at present equal in burden to those living in smaller communities. I wonder also whether the industries which are locating in these metropolitan areas are assuming their full share of municipal tax responsibility. This is a phase of the problem which should be examined more fully.

Be that as it may, evidence given to the committee suggests that there are, however, real difficulties involved in obtaining the required municipal financing through the usual bond issues, and that the present tax and financial structures are becoming increasingly inadequate when mounting costs of education and other necessary expenditures are taken into consideration. This problem of an adequate supply of serviced land at a reasonable cost to the home owner is of real importance and has been referred to as the key to the housing problem, and particularly to the problem of building low-cost houses.

I regret that the committee gave this important subject such short treatment in its report—I believe it occupied only one and three-quarter lines in the report. This is a big subject and something more should have been said on it. The problem is not only a local but a national one. When two-thirds of all the houses built in Canada are being built in the metropolitan areas—from Halifax to Victoria—and when 30 per cent of the metropolitan houses are being built in Toronto, 25 per cent in Montreal, 15 per cent in Vancouver, the problem of financing serviced land certainly extends beyond metropolitan or provincial boundaries, from both social and economic viewpoints. Although I could suggest a happy alternative, having in mind the many opportunities for better living in those provinces in the Atlantic area, if the concentration of industrial development must continue in what are already large centres of population, then the problem which that concentration creates must be met.

We are informed that a federal-municipal conference is to be held in the fall of this year, but it appears that this will be a courtesy conference only, since it has been stated that no decisions will be made. The solution of the problem I have discussed, it seems to me, requires the calling of a dominion - provincial - municipal conference with the serious intention of making an exhaustive study of all its aspects, and above all to make definite decisions, the least of which should be direct low-interest loans to municipalities with provincial approval and participation. If municipalities cannot finance "big pipes", how can they be expected to rid themselves of the slum sores which continue to ooze the infection of juvenile delinquency, crime and disease, of both body and mind? Any nation which continues to tolerate such conditions without embarking on a long-term national plan to get rid of them must pay a price far greater than the price in dollars which may be involved.

In this connection you may be interested to learn that of the 50 cities in Canada with populations in excess of 25,000, only 14 have taken advantage of the federal grants for urban renewal studies. I am happy to note that three of these 14 are the Maritime cities of Halifax, Saint John and Moncton. It is of real concern that there are only four cities which at present are embarking on a program of slum clearance. I am glad to report that two of these four are the cities of St. John's, Newfoundland, and Halifax, Nova Scotia. It is certainly to be hoped that the program of assistance available from C.M.H.C. with respect to urban renewal and slum clearance will soon be extended to many other centres where the need is indeed great.

Now I come to the third and last problem, which I mentioned previously, and which is a very important one, namely, the problem of providing a steady and sufficient flow of mortgage money.

It is well known that when the demand for long-term money by governments and private corporations is high, the supply of mortgage money becomes tight. For example, during the year 1957 the rate on National Housing Act mortgages was not competitive, and lending institutions used alternative types of investments. N.H.A. mortgages yielded six per cent, whereas conventional mortgage loans yielded from 6¾ to 7¼ per cent, and it was natural that the preference should be given to those investments on which the higher rate of return was available. On N.H.A. loans, legislation restricts the interest rate to a ceiling composed of the current yield on federal 20-year bonds, plus 2¼ per cent. The rate on the new conversion loan bonds of long term being 4½ per cent, this ceiling during 1958 could be 4½ per cent, plus 2¼ per cent which equals 6¾ per cent. Certainly if the yield on conventional loans and other investments continues to be higher as a result of the conversion bond rate, N.H.A. mortgages will not interest the lending agencies. The number is rapidly growing of those who believe that it was unnecessary to give such a generous bargain to the holders of Victory Bonds, a very large proportion of which were in the hands of financial institutions. It is felt by many that a successful conversion could have been made at lower rates of interest, thus having the beneficial effect of holding the line in interest rates on N.H.A. loans as well as for other purposes.

Since there are a great many demands for financing the development of Canada, of

which housing is but one, this should be a time for restraint and careful planning by the Government as well as the people of Canada. There can be no increase in the number of jobs to provide employment for the six million young Canadians now starting to flow into the labour stream—and thereby in the circumstances of being potential home owners—without substantial resource and industrial development. This necessary development will require immense supplies of capital funds. Neither can employment opportunities be maintained without a continually healthy economy. To me, this means that we must continue to increase our level of trade, which can only be brought about by gradual freer trade policies. To continue and expand world trade, prices must be competitive, and this cannot be done if the printing presses roll on recklessly to keep political promises, thereby bringing on a bigger dose of inflation and high prices.

Adequate supplies of mortgage money for housing and these other important purposes cannot be made available if we must find the money to make some of these "visions" we heard about become a reality immediately. For instance, I am sure the Canadian people, at this time, prefer that adequate financial resources be made available for houses, slum clearance and urban re-development, rather than for the construction of transportation facilities to new mineral resources at a time when there is no market for the production from mines already developed. I have in mind particularly those mines in the Bathurst area of New Brunswick where production of base metal ore has stopped, and for which a railroad was recently built, but where no train now operates. There is serious doubt, as well, that this is the time to use much-needed financial resources for the enlargement of the productive acreage in the west, in view of continuing marketing difficulties.

To the end that the orderly and constant development of Canada may proceed on all fronts, it seems to me that a special inquiry should be made on the subject of availability and best use of financial resources. The means to accomplish a fair regional distribution of capital requirements should also be explored. If a thorough examination of this subject were made by an independent body, serious mistakes might be avoided by both private enterprise and government, mistakes for which the Canadian people in the future would pay a high price. This may well be an appropriate subject of inquiry for the Senate Committee on Finance, and it certainly is an important one.

In conclusion, may I express the hope that what I have had to say on this important matter of housing, with all its social and economic implications, will serve to underline some of the problems and stimulate my more experienced and able colleagues in this chamber to give serious consideration to them.

Hon. William M. Wall: Honourable senators, I am sure we are indebted to the honourable senator from Queens-Shelburne (Hon. Mr. Smith) for his very able analysis of three important problem areas in this whole problem area of providing houses for Canadian people—and by "houses" I mean housing in the wide sense.

I should like to make a few observations concerning one specific item which perturbs me a great deal. Although I am not a member of the Standing Committee on Finance I hope that these few observations concerning the report we are now considering, and whose main features I subscribe to, will be accepted from one of my standing in this house.

I should say, by way of introductory explanation, that I attended all the meetings of the committee and I did try to share in the consideration and discussion of the many problem areas which were unfolded—by conscientious and competent and public-minded witnesses—as we considered the report of Central Mortgage and Housing Corporation.

The committee's report is somewhat unique and exemplary in its excellent presentation of the main problem areas in housing and these are indicated very clearly in items 1 to 10. This group judgment on the 10 problem areas considered is presented with very commendable brevity and refreshing clarity. Although I am not in agreement with some of the recommendations or some of the omissions, one of which I wish especially to speak of and object to, I do feel that the report is a very good report because it puts our joint index finger on very important problem areas as we all in Canada continue to wrestle with the continuing and changing problem of providing housing for Canadians—old, middle aged, just newly married and the young.

Honourable senators will understand why I am being motivated to say that a very large share of the credit for the excellence of this report rests with the committee's chairman, the late Senator Hawkins, that hard-working and ever courtly gentleman whose honest impartiality, whose organizational ability, whose sincere humaneness and love of his fellowman made such an impression upon me in the short space of time in which it was my privilege and deep honour to know him; and I know we were all jointly moved by the directness and the

clarity of the late senator's beliefs and basic concepts of government and citizenship as epitomized in this statement which was so ably presented by the honourable senator from Blaine Lake (Hon. Mr. Horner) this afternoon.

As I think of the contribution which this report is likely to have both upon public opinion generally and, may I hope, upon some reformulation of some aspects of our Government's housing policies specifically, and as I think back to the vigorous and excelent analysis—nay, analyses—made by our distinguished colleagues yesterday afternoon and evening of the—what shall we call them —apparent uncertainties, the still existing anomalies and unsolved injustices of the new legislation concerning the taxation of estates which, I agree, is better than the present legislation but which is still not good enough and which would have benefited much, honourable senators, by prior Senate study and consideration, I am more than ever convinced that this chamber has a singular and challenging contribution to make to the protection and the safeguarding of the welfare of the Canadian public by undertaking the study of the consideration of, and the reporting on other Governmental problem areas, one of which was mentioned by the honourable senator from Queens-Shelburne (Hon. Mr. Smith); and my hope is, my desire is, my prayer is that at the next regular session of Parliament the Senate may make more such investigations as this one on housing.

Now, the honourable senator from Queens-Shelburne very ably assessed the general problem of providing for Canadians in the next 15 or 20 years new homes at the rate of 150,000 per annum and at an overall cost, other things being equal, of about $2 billion a year. And within that overall context he brilliantly described the problem, the gnawing problem, the problem that, it appears, has never really hit us in the face hard enough, and that is the problem of providing low-cost housing for people who have not the money to buy the kind of houses that are being built at the present time. And item 5 of our report is basically significant in its implications, for it points out just that very problem in that general context of housing—how do we provide a family with a relatively low income a good functional house which the husband and the wife can afford to purchase? Exhibit 2 of the printed proceedings of the committee, volume 9, at page 252, pinpoints that problem rather dramatically, for it says that people earning an income of under $3,000 in 1954 had homes built under the National Housing Act of not even one per cent of all the houses built. In 1955 we did better—we reached one per cent. But in 1956 we were down to less than one-half of one per cent, and in 1958, if I extrapolate from the non-agency and the agency loans for the first quarter, we are doing about one-quarter of one per cent.

And then the question can be still more adequately pinpointed, honourable senators, if you ask, "Well, how many people are there in Canada who are earning $3,000 or less?" And then the chickens, if I may be brutal, come home to roost. For, according to the latest available figures of income, liquid assets and indebtedness of non-farm families of Canada, 1955—and that is the latest available data—43.9 per cent of all families and unattached individuals earn $2,999 or less per year. And for this 43 per cent of our population, if you could be just in saying it in that very way, we are providing one per cent, one-half of one per cent or one-quarter of one per cent of houses under the National Housing Act. Here is one of the crucial, the basic, problems that somehow we have to face.

Putting it in another way: Questions were asked during our committee proceedings as to how many homes have been provided *in toto* since we have started this limited dividend plan for providing low-cost housing for rental accommodation and so on. If my memory serves me correctly, we were given a figure of around 7,000 or 8,000. When that is related back over four or five years and compared with the total number of houses, how woefully, pitifully small that number is. Or, as was given to us in evidence—and I checked it today—about one per cent of the total housing was of this low-cost rental type housing last year. Out of 120,000 units one per cent is 1,200 units. What are 1,200 units among so many people in Canada who earn $3,000 a year or less. If the figure is further related to the number of people who are earning $4,000 or less, that problem becomes desperately acute.

Therefore I personally welcome, as I am sure all honourable senators do, the committee's emphasis on the importance of home ownership for the low-income group, and its request that the fullest possible resources—and I stress those words—of Central Mortgage and Housing Corporation be directed to solving this problem. I say "Amen" to that.

Next I should like to deal with item 2 of the report, having to do with the problem of mortgage insurance on existing residential real estate. The problem arose as to whether it would not, in fact, be a good thing somehow to change the National Housing Act so that I, or anyone, could purchase an already existing house at probably not as high a price as that of the average new house. You will notice that the committee felt, and

our statement in the report is, that an extension of the National Housing Act does not appear to be appropriate at the present time. But we did not close the door altogether on that issue.

Now, honourable senators, I fail to see why the present time may not in fact be the most suitable time, a time perhaps long overdue. It would be my hope, in the interest of accelerating and extending the present existing opportunities for home ownership by people with lower incomes, that a study of this problem area by C.M.H.C. be expedited, and that this sequential amendment involving the extension of the National Housing Act to allow the purchase of existing homes by home-owner loans be finally recommended to the Government for necessary legislative action.

Hon. Mr. Bishop: Hear, hear.

Hon. Mr. Wall: Now I should like to direct my comments to what the Standing Committee on Finance chose to do concerning one aspect of the housing problem area, that of university dormitories. Honourable senators will find this subject dealt with under item 3, page 248 of the committee's report of proceedings.

I make this choice because all problem areas having a direct or indirect connection with education are of special interest and concern to me, and because comprehensive comment has already been given to some of the other thorny and important problem areas in this field of housing. I make no apology for pleading the cause of education in this one specific aspect, and I shall continue to do so, because the cause of education is crucial in its significance to the national development of our human resources. I must confess that I am deeply disappointed—and I am sure all young people share that disappointment with me—but not undaunted, not disillusioned, by what in essence is a non-committal, a somewhat apathetically sympathetic, and certainly more negative than positive, response on the part of the committee to what was in effect a restrained and modest plea for assistance on the part of the National Conference of Canadian Universities to meet the rapidly developing housing problems at our universities and colleges.

I had hoped that the committee would recommend the amendment of section 16 of the National Housing Act permitting loans by Central Mortgage and Housing Corporation for long terms at reasonable rates of interest, on terms similar to those accorded to limited-dividend companies or, at least, make some definite recommendation that the Government should make it possible for the universities and colleges to get the kind of loans they need on an insured or guaranteed basis.

Honourable senators, before I examine with you more closely what our report does say in this respect, let us think briefly about the general problem area facing colleges and universities. It seems vitally important to remember that this student residence problem is just one aspect of a greater problem which the universities and colleges face, a problem which has been described as a continuing and rapidly unfolding crisis of higher education in Canada. "Crisis" is a harsh word, but it causes us to stop and think, for it embraces the problem of providing the democratic youth of Canada with the quantity and quality of higher education needed.

It is not my purpose to discuss this overall context of what are the needs and problems of higher education in Canada, in the light of the growing need of our economy, in the light of our national needs as we compare our performance with that of other countries, some of which may not be friendly towards our country, and in the light of the rapidly changing international milieu, which is ever more challenging to the Western democracies. It is important to remember that the colleges and universities are facing what might be called a flood of numbers about to descend upon them.

Honourable senators, in 1955 Dr. Sheffield, of the Dominion Bureau of Statistics, made certain calculations; he projected the university enrolment forward to 1964-65 and came up with some figures. The enrolment of 1958 shows he underestimated this year by 12 per cent. In other words, three years after his calculations, we have far more people at the universities than he estimated. Last year a further estimate was made for the Gordon Commission. This year we have a total university enrolment of 86,500, and it is estimated that by 1964-65—that is the fall of 1964—we will have 133,000 students. By subtracting the present figure from the estimated figure, we find we will have to deal with and provide for an additional approximately 50,000 students in the short space of five or six years. And if we estimate that the classrooms, the gyms, the laboratories, and so on, for which the estimates are fairly accurate, will cost $5,000 or $6,000 per new student, it follows that, merely for classrooms for instructional purposes, there faces the universities in the next five or six years an outlay of $250 million to $300 million. Then within that general context of needed instructional facilities is the provision of an instructional staff. It is within that total context that one must consider the problem of housing students; so this is but one segment of the overall problem of providing

the kind of higher education which is demanded by this idealistic and pragmatic vision of our national destiny.

Honourable senators, I feel obligated to remind ourselves that there appeared before our committee the distinguished representatives and spokesmen of the National Conference of Canadian Universities, which represents 36 of our major Canadian universities, and all their affiliated colleges—a very responsible body, concerned with a uniquely responsible national task. Certainly their plea merits our most earnest consideration.

What did these gentlemen tell us? They spoke to us about the value and the need of university residences and they said that in their considered judgment universities, on the average, need to have accommodation for 25 per cent of their students. This relationship of one to four, they claim, is not idealistic, it is not theoretical, it is pragmatic, it is practical, it is indeed academically necessary.

What is the present situation as regards accommodation? We were told that Canadian universities, with an enrolment of 86,500 students have dormitory space for 13,000—roughly 15 per cent, or one in seven. The percentage relationship for various universities is given in the appendix to one of our Proceedings. So, right now, if we are to meet that 25 per cent relationship we need residence accommodation at once for another 9,000 students. Suppose we project our thinking to five or six years from now, and assume that the anticipated enrolments are correct, and that in fact there will then be no more than 133,000 to 135,000 students at our universities, taking one-quarter of that number we find that we shall need accommodation for roughly 20,000 more students if we are merely to maintain this 25 per cent ratio which in the considered judgment of the university representatives is necessary. Of course, that judgment is to be modified in this respect, that there are universities which need a much higher ratio of student residents to their total enrolments. So, whatever the price tag we use, whether we feel that we can build these dormitories at a cost per unit of $3,000 or $4,000 or $5,000 or $6,000, the amount of money which must be provided for the universities over the next five or six years may range from $60 million, for residences at $3,000 per unit, the low-cost type, to $80 million, if the price per unit is to be $4,000.

The problem has been defined even more clearly by Dr. Flemington, the distinguished new president of the National Conference on Education, who spoke about the very special needs of the universities and colleges in the Atlantic provinces. I would refer honourable senators to page 188 of the Proceedings.

What did the National Conference of Canadian Universities ask us to do? They began their brief with what I would term a very modest request. I quote from page 175:

> The National Conference of Canadian Universities, representing the universities of Canada, respectfully urges the Senate Standing Committee on Finance to recommend to the Government of Canada that the National Housing Act be amended so as to permit loans for the construction of university residences.

All they wanted was a recommendation. They did not ask us for a direct loan, or grant, or gift; they wanted a recommendation of assistance from this body to help them to persuade the Government of Canada to give some form of relief in this specific area.

I would point out to honourable senators that the National Conference has been requesting loan assistance from the Government for student dormitories since 1956. This evidence will be found on pages 179 and 204 of our Proceedings. How have we answered this plea? What does our own report say? We say:

> We have listened to the evidence—

And then we add:

> At the present time the federal Government is facing increasing demands for financial assistance for various housing purposes.

I agree; that is true.

> The Committee is of the opinion that housing people, particularly those of low income, deserves the utmost priority.

I could not agree more heartily.

> To this end the largest percentage of available mortgage resources, both federal and private, are presently required.

I agree. Then there is this statement:

> The provision of hostel accommodation for universities is both desirable and necessary.

I agree. But I cannot agree with the next statement, for I do not think that the provision of money for housing for low-income people would necessarily exclude this other need. The statement is:

> At the present time, however, the federal funds available under the National Housing Act are fully required for housing purposes.

That may be so, but I do not remember getting any proof of it. If it is so, then let us provide some more money so that the universities can have it for this very important purpose.

I should like to point out in this context that since 1950 the United States Government has had a loan plan for college housing. It provides for direct Government loans. Provision is made for loans to aid in the construction, purchase and conversion, or improvement of college residences, either self-contained or dormitories, for either students

or faculty, and lately hospital residences for nurses and internes have been included in this legislation.

In 1956 the legislation provided that loans should not exceed 100 per cent of the cost—and that is very generous—and should be at the rate of $2\frac{7}{8}$ per cent per annum or $\frac{1}{4}$ of a per cent above the interest rate paid by the Housing and Home Finance Agency for Treasury Funds, and should be for a term of not more than 50 years. Unfortunately I was unable to ascertain the current interest rate, but I want to point out that as of April 1, 1958, the amount that had been authorized under this United States Federal Government College Housing Loan Fund was $925 million. On June 19, 1958, the United States Senate Committee on Banking and Commerce reported favourably on an additional housing bill, S-3399, which included $400 million more for college housing loans.

So I must conclude by making this frank admission. I am pleading for what I know and believe to be a very worthy cause, and I venture to suggest with great respect but with equally great conviction that the universities and the colleges deserve better from us than this barely tepid, hesitant, innocuous "we-sympathize-with-you-but-let's-study-it-some-more" statement with which we end this section of our report, after suggesting that now is not the time to ask the Government to make amendments to the National Housing Act to assist the badly pressed universities and colleges. I suggest that now is indeed as pressing and as appropriate a time as will ever be presented to this honourable chamber. Let our voice on behalf of the youth of Canada be loud, clear and unmistakable.

Hon. Mr. Taylor (Westmorland): Honourable senators, on behalf of the honourable gentleman from Toronto-Spadina (Hon. Mr. Croll), I move adjournment of the debate.

Hon. R. B. Horner: Honourable senators, if I may—

The Hon. the Speaker: I would point out that if the honourable gentleman from Blaine Lake (Hon. Mr. Horner) speaks now his remarks will have the effect of closing the debate.

Hon. Mr. Macdonald: His Honour the Speaker is undoubtedly correct, under the rule, but may I suggest that the house unanimously consent to waive the rule and allow the honourable gentleman from Blaine Lake to proceed at this time?

Hon. Mr. Aseltine: I support that suggestion, because I understand the honourable senator from Blaine Lake cannot be present on Monday.

Hon. Mr. Horner: That is right.

The Hon. the Speaker: Has the honourable gentleman from Blaine Lake unanimous consent of the house to proceed at this time without closing the debate?

Hon. Senators: Agreed.

Hon. Mr. Horner: First of all, may I congratulate the honourable senator from Queens-Shelburne (Hon. Mr. Smith) and the honourable junior senator from Winnipeg (Hon. Mr. Wall) on the excellent speeches they have delivered on this subject. I want to explain my position with respect to this report, and to point out that the purpose of the Finance Committee's meetings was to discuss and study housing under Central Mortgage and Housing Corporation. It was a housing proposition. It is true that, as the honourable junior senator from Winnipeg pointed out, some of the educationists who appeared before us stated that students in residence make a slightly better grading than non-resident students. However, my experience when raising a family was that my children made far greater educational progress while they were living at home than when they were in residence.

I would point out that the present position of this country is different from what it was before, say, 1930. The provinces have their own natural resources, and while the Prairie provinces were not developing their resources to any great extent until recent years, some are now becoming wealthy from their oil and mineral resources. And they are boasting about it. In fact, some of the educationists who appeared before us were from Alberta, a province which should have no difficulty whatsoever in building all the dormitories or hostel accommodation needed for the students of its university. The University of Saskatchewan, at Saskatoon, has a dormitory. I don't know whether it is working out too well, but I do know that the whole area surrounding the university has been built up to a large extent—perhaps on loans from C.M.H.C.—by people who intend to take university students into their homes. It does not seem to me to be necessary to have to build dormitories in order to house thousands of students. At any rate, it is a subject that I did not think our committee had any right at all to consider.

As to a certain method of financing that this Government has undertaken recently, let me say that while I do not pretend to be a financial genius I feel that if the Government has obligations to meet in the future and it is not just certain of the conditions which will prevail at that time, and if it will be obliged in the meantime to raise additional funds, then I think that the conversion loan

was a great stroke of business on the part of the Government. I believe we would have much less money for Central Mortgage and Housing Corporation if the Government had not done what it did. It was good business to float a long-term loan and retire bonds nearing maturity.

I was opposed to making any special recommendations having to do with education, because, first of all, it is a provincial matter, and, secondly, every one of the provinces, with the help they are getting from the dominion Government, is in a position to take care of its own educational requirements.

On motion of Hon. Mr. Taylor (Westmorland) for Hon. Mr. Croll, debate adjourned.

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, before the house adjourns I would like to draw the attention of honourable senators to the fact that the Banking and Commerce Committee will meet at 2 o'clock on Monday next to consider the measure referred to last evening. The fact that an honourable senator may not be a member of that committee does not prevent him from attending, or even from asking questions, and I hope that when the meeting convenes there will be a really good attendance.

Hon. Mr. Macdonald: Will any organizations or individuals who want to give evidence have an opportunity to do so?

Hon. Mr. Aseltine: I understood from the chairman of the committee, before he left yesterday, that some will attend.

Hon. Mr. Lambert: If the committee is to meet at 2 p.m. there will only be an hour before the Senate convenes.

Hon. Mr. Macdonald: I was going to ask if the committee could convene in the late afternoon or evening, instead of at 2 p.m.

Hon. Mr. Aseltine: I thought that if the meeting got well under way and made good progress, the Senate might adjourn temporarily during pleasure and resume in the evening. That might be worth considering, but I have not had an opportunity of discussing it with the Leader of the Opposition (Hon. Mr. Macdonald).

The Senate adjourned until Monday, August 18, at 3 p.m.

THE SENATE

Monday, August 18, 1958

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

Prayers.

RETURNED SOLDIERS' INSURANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-33, to amend the Returned Soldiers' Insurance Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

VETERANS INSURANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-34, to amend the Veterans Insurance Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-45, to amend the Children of War Dead (Education Assistance) Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following report:

Royal Commission on Canada's Economic Prospects—Study on some regional aspects of Canada's economic development (English and French texts).

57075-4—38

PRIVATE BILL

BOARD OF TRADE OF CITY OF TORONTO —FIRST READING

Hon. Salter A. Hayden presented Bill S-17, respecting the Board of Trade of the City of Toronto.

Bill read first time.

SECOND READING

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

Hon. Mr. Hayden: Honourable senators, with leave of the Senate, I move second reading of this bill now.

This bill is very simple and I can state the purpose of it in a very few words. The Board of Trade of the City of Toronto is desirous of changing its name to "The Board of Trade of Metropolitan Toronto", because some 60 per cent of the membership of the board are in that area surrounding the boundaries of the city of Toronto and they function with the metropolitan area and have a community interest there as well. Other amendments in the bill are incidental to the changing of the name. There is a further—but I must not say incidental—feature of the bill. The present practice is that the President and Vice-President of the board are sworn into office by the Mayor of the city of Toronto, but when this bill becomes law the chairman of the Metropolitan Council of Toronto with the dignity which befits his office, will be the one to take the oath.

Hon. Mr. Macdonald: Are there any other boards of trade at present in that area?

Hon. Mr. Hayden: I can tell my honourable friend that any boards of trade in that area have expressed their approval of this change in name, and even the Metropolitan Council has approved of the change.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden, bill referred to Standing Committee on Miscellaneous Private Bills.

SUSPENSION OF RULE

Hon. Mr. Hayden moved, with leave:

That Rule 119 be suspended in so far as it relates to the Bill (S-17) intituled "An Act respecting the Board of Trade of the City of Toronto".

He said: Honourable senators, suspension of Rule 119 is moved for the purpose of eliminating the necessity of posting up in the lobby one week's notice of the sitting of the committee, in so far as this bill is concerned.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, I propose to move that the Senate do now adjourn during pleasure, to resume at the call of the bell at 8 o'clock this evening. The reason is that the Banking and Commerce committee now has before it the important Estates Tax Bill, and almost all honourable senators present in the chamber will wish to hear the presentations to be made before that committee, which will resume its sitting when the Senate rises.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

THE LATE SENATOR MARCOTTE

TRIBUTES

Hon. W. M. Aseltine: Honourable senators, during the dinner hour I was very much saddened and grieved by the news, which arrived at that time, of the sudden passing of my distinguished colleague the Honourable Arthur Marcotte, of Ponteix, in the province of Saskatchewan.

Honourable senators probably know that I have been intimately associated with the late senator, not only during the 25 years that he has been a member of this house, but for many years before. He was very active in politics in Saskatchewan, of which province he was also one of the pioneer barristers and solicitors, and for 10 years or more he was president of the Gravelbourg Bar Association.

I first met him when he was engaged in political activities. At one time he was candidate for the provincial Legislature, and in 1926 he stood for the federal Parliament. In neither contest was he successful, but he made a fine name for himself in the southern part of Saskatchewan, where he carried on his practice. He was very highly regarded, not only by the legal profession but by the farming community, because he was also intimately connected with agriculture and carried on quite extensive farming operations in the part of Saskatchewan where he lived, and where he owned a large tract of land. He continued until his death to own quite a considerable acreage.

Senator Marcotte was so unfortunate as to lose, a few years ago, his dear wife. This bereavement seemed to have a bad effect upon him physically, and during the last five or six years, he was not in good health and did not take as active a part in Senate affairs as he had done formerly.

Honourable senators will remember that he was particularly interested in Civil Service administration. He always regarded himself as a friend of the Civil Service, and for many years was chairman of our committee on its administration.

As I have already mentioned, the late senator, for forty years or more, took a very active interest in all public affairs in Saskatchewan. The people of that province will learn with very much regret of his sudden death. But, honourable senators, he lived to a fine age. I understand he was born in 1873; and none of us can expect to remain on this earth for a much longer time than he did. He has a son who is a barrister, and one daughter. I wish to extend to them my deepest sympathy and regret. I know that as long as they live they will carry many happy memories of their father.

Hon. John T. Haig: Honourable senators, I join with the honourable Leader of the Government (Hon. Mr. Aseltine) in expressing sympathy to the family of the late Senator Marcotte. I knew him well before he came to this chamber. He was a prominent barrister in his district of Saskatchewan, and we in Manitoba who had business to do up in his large territory always used him as our agent. He knew his district well and he could always be trusted. He took an active part in the Canadian Bar Association whenever he was free to do so. I recall that a senator friend of mine from Manitoba, whose mother tongue was French, was very delighted when Senator Marcotte was appointed to this chamber, in 1931. He said to me, "Now I'll have somebody from the west who can talk to me in my own language."

As my honourable friend has said, Senator Marcotte was well informed on agricultural matters. Whenever I had occasion to write to him about some farmer or farm operation in his district I was always well satisfied with the information he supplied me.

I had the pleasure once of sitting in the Manitoba Legislature with a gentleman whose mother tongue was French. He was really a one-language man at first, but over the years he learned to speak English. When he had been in the Legislature for some 30 years he and I went to a political meeting, at which he addressed the audience in French. After he finished I said to him, "Joe, I don't understand French very well, but judging by the way the people acted I think you made a rotten speech tonight." He replied, "I can talk about ordinary matters in French, but not politics."

One afternoon, years later, when I had the luck to be sitting where the Leader of the Opposition (Hon. Mr. Macdonald) is sitting now, I said to Senator Marcotte that a certain bill was coming up and that I wished he would speak in French on it because I knew

that some Government members intended to do so. He looked at me and said, "Are you pulling my leg?" I replied: "No, I want you to do that. It calls for a real job and you are the only man who can do it." He replied that he couldn't do it, saying, "I can talk in French about ordinary business, but when I get into matters of law I have to speak in English, as I do in my own predominantly English-speaking district." I thought it was rather interesting that both the Manitoba Legislature and this chamber should have had a French-speaking member who encountered that difficulty.

Honourable senators who have been here for only four or five years would not have known Senator Marcotte as well as those who have been here a long time. Perhaps I shouldn't mention this, but whenever he came into this chamber he was the picture of a tailor's ideal of a well-dressed man. He knew styles exactly; and he was a gentleman. Whenever I went home to Winnipeg, men who knew him well asked, "How is Senator Marcotte?" They told me how they liked him and enjoyed his company.

Honourable senators, the late Senator Marcotte left a fine impression with this house. Within the last five years he was not well, and had not the vigour of earlier days, but we enjoyed having him with us. In this house we shall miss him greatly. Many people in my province also will be saddened by the passing of our colleague, the senator from Ponteix, Saskatchewan.

Hon. W. Ross Macdonald: Honourable senators, it was indeed a great shock to me, as it was to all honourable senators, when we returned to this building after the dinner hour this evening, to learn that Senator Marcotte had passed away at about 4.30 this afternoon. If he was not here last week, he was surely here the week before, when he appeared to be in reasonably good health. As the Leader of the Government (Hon. Mr. Aseltine) said, the late senator attained the splendid age of 85 years. Of course, he could not have hoped to go on for a great many more years, but in this day and age, when people are living longer, no one here thought he might soon be leaving us.

I did not know Senator Marcotte as long as did the other two honourable senators who have spoken. In fact, while I was in the House of Commons, I had merely met him from time to time. When I came to this house, however, I received a very warm welcome from him. During all the time I have been here, in my capacity both as Leader of the Government and as Leader of the Opposition, he was exceptionally friendly toward me and a very fine counsellor. On July 6 last that he wrote me a note saying that he had been called to the Senate 27 years ago. I had intended to rise and congratulate him that day, but unfortunately he left the chamber during the speech which was in progress at the time I received his note. I followed him to the door and asked him to come back, but he said he would prefer that no mention be made of the anniversary.

I shall indeed miss Senator Marcotte greatly. We can say of him that he was a statesman, a prominent lawyer, and a sportsman. A statesman we know he was, from what he had done during his lifetime, and especially from his actions in this house when serving on certain committees, more particularly, as the Leader of the Government mentioned, on the Civil Service Committee. The honourable senior senator from Winnipeg (Hon. Mr. Haig) referred to him as a prominent lawyer. I knew something of his ability as a lawyer, because he took a keen interest in all questions affecting our Constitution. I think he was one of the most eminent constitutional lawyers in this house, and he made a very valuable contribution to the work of the Senate in that capacity.

I also said he was a sportsman and I might remind honourable senators, as the Leader of the Government has just a moment ago reminded me in a note that he sent to me, that Senator Marcotte was at one time the billiards champion of America. I recall mentioning that to him at one time and he said, "Yes, I was, but unfortunately I am playing billiards no longer." I think he was then 82 years of age. But he said he still loved the game. He told me that it was a great thing to play billiards. He said that when he had problems it helped him greatly to play the game, that it calmed his nerves and had a good effect on not only his health but on his attitude toward his fellowmen. Of course, he was always a very friendly soul, and I know we shall all miss him in this house.

I join in the expression of sincere sympathy to our late colleague's family.

(*Translation*):

Hon. Cyrille Vaillancourt: Honourable senators, the Senate is like a large family, and the demise of a senator is felt as deeply as the loss of a member of our own family.

I have just heard the Leader of the Government and the Leader of the Opposition recall old memories of Senator Marcotte. But, even though I may not be the oldest member of the Senate, I think I have had the privilege of knowing him longer than anyone else.

It has been said that Senator Marcotte was a good billiard player. In 1906, when I was still at college, billiards was the favourite sport of the well-behaved students. Senator Marcotte had come to Levis college to teach us

the game. And, as my leader has said, he later became billiard champion of Canada. His opponent had absolutely no chance; he played stroke upon stroke. He was a crack player.

But he indulged in other activities. When he opened a law office in Ponteix, he chose as his partner Mr. Lacourcière, one of my fellow students. The office was well run and most successful. Maître Marcotte, as he was then called, was known as a very able lawyer and his young associate, who had been at the head of his class at college, was a brilliant man.

Senator Marcotte also contributed greatly to the public affairs of this country. From 1925 to 1929 he was president of the French Canadian Association of Saskatchewan.

As I said, my first contact with Senator Marcotte was over the billiard table. We marvelled at his skill. As a young man, when he was secretary at the Quebec Parliament, he took part in billiard tournaments.

At that time, he had already acquired a good standing with the provincial authorities.

Senator Marcotte is gone. No longer shall we see him enter the Senate quietly, and we shall miss his daily visit to this chamber. A few minutes ago, coming out of the Parliamentary restaurant, I asked one of the attendants what had become of the senator, whom no one had seen at the restaurant. That is when I learned that he had just passed on.

He served the Senate and his country well and we owe him a debt of gratitude. To his family, I extend my most sincere condolences.

(*Text*):

Hon. Norman P. Lambert: Honourable senators, on behalf of those of us who live in the neighbouring province of Ontario, and have an opportunity now and then to voice a warm and sincere expression of sympathy for one who had for many years in his later life lived in Montreal, I feel impelled to refer to some of my own associations with the late Senator Marcotte during my period of membership here.

When he sat on the Opposition side and I sat on the Government side, a number of occasions arose when we exchanged views with respect to the place of the Senate in relation to the rights of the provinces. I shall always remember how well versed he was and how definite his opinions were with respect to that subject. He was strongly of the opinion that the Senate was the guardian of provincial interests in this country. He often went so far as to insist that when communications between the federal Government and the provinces were necessary they should be made in writing from the head of the Government here to the head of the Government in the province, and in no other way.

The late Senator Marcotte was very well acquainted with the constitutional history of Canada and could hold his own in any discussion on that subject. I had the pleasure of conversing with him on many occasions and found him a most convivial friend. I know that his interest in the earlier history of this country was extensive.

The Clerk of this house at the beginning of the century was Mr. St. Onge Chapleau, a brother of the Honourable Adolph Chapleau, a member of Sir John A. Macdonald's Government. The senator knew the Chapleau family intimately, and I learned a good many things about the relations of the Chapleaus not only in this house but in public affairs elsewhere in the country. He and they had a common early background in Terrebonne, Quebec.

Reference has also been made to the late senator's versatility in other fields than those affecting constitutional questions. As the honourable Leader of the Opposition (Hon. Mr. Macdonald) has pointed out, he was a great billiard player. I recall he told me he once played against Willie Hoppe in the old pavilion in Quebec City when the future champion of the world had to stand on a box at the side of the table to reach up to play his shots. Fifty years later, as he was leaving here one evening, he told me he was going back to Quebec City to preside at a ceremony in connection with the opening of a new pavilion to replace the one where he had played as a young man, and that he intended to play a game of billiards to celebrate the occasion.

It was in 1951, I believe, that reference was made to his 20 years of membership in this house. I recall his standing here at that time and stating that throughout that period he had never missed attendance at a single session of this house. I think this constitutes a record. At any rate, no one was more devoted to and more interested in the proceedings of this chamber than he. I shall always remember him with a great deal of warmth, because, besides being a chivalrous debater and opponent, he could be a good friend.

Hon. Wishart McL. Robertson: Honourable senators, I, too, would like to add a word of appreciation of the record of Senator Marcotte. During the days that I was Government Leader in this house I received from him nothing but unfailing courtesy. There is very little left for me to say about his record;

but I remember one circumstance which is a little at variance with the recollection of the honourable senior senator from Ottawa (Hon. Mr. Lambert). He was right in saying that in the matter of attendance over 20 years the late Senator Marcotte achieved a record for attendance which has never been equalled; but on one occasion, through an odd circumstance, he found it necessary to be absent from a sitting here; and that occasion was the outbreak of war, when he was in Europe. He embarked in ample time to be present at the opening of Parliament, but the exigencies of warfare diverted the ship elsewhere, with the result that his progress was delayed a few days.

In his interest in the proceedings of this house his record is an enviable one, and everything which has been said about him by the honourable Leader of the Government (Hon. Mr. Aseltine) and the honourable Leader of the Opposition (Hon. Mr. Macdonald) is well merited. I pay my tribute to a scholar and a gentleman.

Hon. Gustave Monette: Honourable senators, I wish to add a few words. My acquaintance with the honourable Senator Marcotte was not limited to the past 20 or 25 years; I had known him before that. As has been said, he used to visit Montreal quite often, although he had settled in the west, where he was living when he became a senator, and he was an adviser to people out there.

Our Constitution makes it is not only possible but desirable that there shall be opposition. We have in both houses of Parliament an official Opposition, and it is said, and I thoroughly believe it, especially since I have been here, that this system operates for the promotion of good legislation and for the welfare of the country. Not only in national politics but throughout the community, the presence of groups and of various races works to the national benefit. I refer not only to the two original groups whose official languages are recognized here—the French and the English—but to the new Canadians of all races. They are destined to be helpful in the development of this country of ours.

The late Senator Marcotte was one of those who recognized this fact. He interested himself particularly in the welfare of our French and Catholic people on the western prairies. Reference to his services in this respect has been made by the honourable senator from Kennebec (Hon. Mr. Vaillancourt), and I know something about it because, before I went into political life, when the late senator came to Montreal some of us used to go to see him to learn about the situation of the French people in the west. We always received from him useful information, characteristic of a broadminded man who had known and observed much more than we had concerning other races in this country. He explained to us the problems of our people, the conditions which affected them, and told us what in his view was good for the country. In view of this experience, we consulted him time and again. I saw him recently—I believe at the beginning of last week—

Senator Croll: He was here on Friday.

Hon. Mr. Monette: I was amazed, as I talked with him, at his knowledge of what I might call the psychology of what was going on on both sides and in either house of Parliament, and I was reminded of the saying of Madame de Staël, *La vérité est dans les dessous*—"The truth is underground". He explained the meaning of this and that circumstance which I had observed, and as I say, I was astonished, even in these last days, when he could hardly walk, and it seemed difficult to believe that there remained life in him, at the clarity of his mind, the reliability of his information, and the soundness of his advice—especially the soundness of his advice, of which I have personal knowledge, and which I wish to emphasize. In losing Senator Marcotte we have lost a man who, though latterly for some time, because of sickness, was limited in his activities, showed by his life, and especially in these latter days, that the Roman maxim, *Mens sana in corpore sano* can be disproved. For he was not in good health, he was weak to an extreme degree, yet his mind was very sound, and serviceable to everyone who consulted him.

[*Later:*]

Hon. Mr. Aseltine: Honourable Senators, I would like to inform you that the remains of the late Senator Marcotte are being taken tonight to the funeral home of J. S. Vallee, on Park Avenue near St. Viateur Street, in Montreal, where they will remain until Friday morning. The funeral service will be held Friday morning at St. Madeleine Church, Outremont Avenue, Outremont, Quebec. No time has yet been fixed for the service, but details as to time, etc., will be published in the Montreal *Star* and *La Presse* tomorrow night. Burial will be at Ste. Therese de Blainville, Quebec.

Senator Marcotte's daughter lives in Montreal. His son's address in Ottawa is 105 Glen, Avenue, telephone No. CE 5-6285.

NATIONAL CAPITAL BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the

House of Commons with Bill C-48, respecting the development and improvement of the National Capital Region.

Bill read first time.

The Hon. the Speaker: When shall the bill be read the second time?

Hon. Mr. Aseltine: Next sitting.

PAROLE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-49, to provide for the conditional liberation of persons undergoing sentences of imprisonment.

Bill read first time.

The Hon. the Speaker: When shall the bill be read the second time?

Hon. Mr. Aseltine: Next sitting.

HOUSING

REPORT OF FINANCE COMMITTEE—MOTION FOR ADOPTION—DEBATE CONTINUED

The Senate resumed from Friday, August 15, the adjourned debate on the motion of Hon. Mr. Horner for the adoption of the Report of the Standing Committee on Finance on the report of Central Mortgage and Housing Corporation for the fiscal year ended December 31, 1957.

Hon. David A. Croll: Honourable senators, this report written by Senator Hawkins, as it appears in *Hansard*, is the best testimony to his devotion and service to Canada. He enriched this house. In discussing the report the honourable gentleman from Queens-Shelburne (Hon. Mr. Smith) made an excellent contribution with particular reference to low-cost housing. It was well thought out and well researched. My only complaint is that the honourable senator does not speak often enough in this house.

The honourable junior senator from Winnipeg (Hon. Mr. Wall) ably presented the case of housing for the universities and the colleges. I am going to devote myself tonight to the municipal aspect. I think the honourable gentleman from Blaine Lake (Hon. Mr. Horner) pointed out the encouraging and gratifying rise in construction last year. The honourable senator from Queens-Shelburne indicated the value and the importance of the construction industry to this country, aside entirely from the social effect of making homes available to people. It helped employment. As a matter of fact it was the greatest single factor to assist employment last year, and if the construction industry had not done exactly what it did we would have had a very rough time last winter.

Figures released today by the Dominion Bureau of Statistics indicate that unemployment is 75 per cent higher now than at the same time last year. The following table indicates the unemployment situation on July 18, 1957, compared with July 17, 1958, according to the number of unemployed registered at National Employment Services Office.

Registrations at National Employment Service Offices by Region and certain Local Office Areas

Region and Local Office	Registrations at National Employment Service Offices	
	July 18, 1957	July 17,1958
Atlantic Region ..	28,917	48,389
Quebec Region ..	77,842	128,860
Ontario Region ...	90,316	135,208
Prairie Region ...	28,734	44,157
Total for Canada	257,186	412,362

Honourable senators can readily see it is not a matter that can be brushed aside, or swept under the rug. It is not something we can pretend does not exist. These figures are indicative of what we are likely to face this coming winter unless we do something about it quickly and efficiently. Winter unemployment in this country can become worse yet, and what is now agreed to be a gentle recession may turn into a ferocious one. In addition to what these figures indicate, there is evidence of labour trouble in the air. I am not referring to the beer strike in the province of Ontario, for I know it does not affect honourable members of this house and they are not too much concerned with it. But there is in Ontario a steel strike which affects every part of this country. Those of us who went through the steel strike in 1946, when a joint special committee of both houses attempted to settle the matter, will remember they are hard bargainers. I recall that at that time steel management said, "We make this offer and there won't be any more in it for you." But there was more in it, before they settled it. They are hard bargainers on both sides. There has been no progress at all with respect to the west coast steamship difficulties. In addition to this we have the rail difficulties. There has been a conciliation report, which it has been indicated will not be acceptable. These people have been in the habit of going to the brink constantly, and unfortunately there are hard feelings between labour and management.

Hon. Mr. Aseltine: Is the honourable senator speaking on the housing report?

Hon. Mr. Croll: Yes, I am speaking on the housing report and how housing construction affects employment. I will get into it. I am just laying the ground work so that it can be more easily understood.

Hon. Mr. Hayden: I thought it was the steel superstructure.

Hon. Mr. Macdonald: He is just on the foundation now.

Hon. Mr. Howard: Don't let them rattle you, Dave.

Hon. Mr. Croll: Also looming on the horizon are automobile difficulties. In that industry too they are determined to have a showdown in the immediate future.

Honourable senators, with the large number of unemployed at the present time and labour trouble appearing on the horizon, there are some things that we have to do, and do rather quickly. When I speak of low-cost housing I relate it to employment. Two of the reasons why we have not more low-cost housing in this country at the present time are that we have not any serviced land and that municipalities are incapable of financing the services that are required. The municipalities, where the greatest need exists and where the greatest market exists, demand that subdividers provide sewers, water and road facilities. These costs are initially applied on the lot and passed on to the purchaser of a house, so the purchaser has to make a larger down payment than would otherwise be necessary. People who think they are buying low-cost housing are really not doing so. The need of the municipalities is a very urgent one, in order that they can finance sewer, water and road facilities as they have been traditionally financed, as local improvements, spread over a period of 20 or 30 years—the statute differs between various provinces. If the lot is cheaper, the house is cheaper, the down payment is lower, and the monthly payment spread over a longer period of time is lower. Then we are able to have low-cost housing, which is not a municipal problem, not a provincial problem, but a national problem. We have our part to play in it, and we are not playing it as we ought to.

The municipalities require money, and they require cheap money. Yes, if you like, they require subsidized money. We do a lot of subsidizing in various ways by acts of Parliament; we subsidize education and universities; we have subsidized by way of price supports, by way of tariffs; and we subsidize the Canadian National Railways. We are sometimes accused of subsidizing bondholders, too. There was a discussion in this house the other day on the present conversion loan of $6 billion, at 4½ per cent for 25 years, non-callable. I think it was indicated that it would cost us $60 million a year for 25 years. Press reports today indicate that it is likely to be $70 million for 25 years, which is $1½ billion for that length of time. Those who have been contending that 4½ per cent raises the interest rates for the people of this country have a case, for if the Dominion pays 4½ per cent interest, the provinces pay ¼ of 1 per cent to ½ of 1 per cent more, depending upon the financial strength of the province, and the municipalities pay ¼ of 1 per cent to ½ of 1 per cent more, depending upon the financial strength of the municipality, and large corporations going to the public pay something in addition to what the municipalities pay, the result is that the individual is left with 7 per cent money. That is the prevailing interest rate today. It is a high rate to pay, and we will be paying that sort of a tribute in this country for many years. Sometimes it seems to me that people responsible for that state of condition are economic delinquents.

It is well to take a look at the municipal responsibility. It stems from the fact that the tax base is much too narrow and certainly should be enlarged beyond real estate and licence fees. I know it will be said that we have nothing to do with the municipal government, that it is the creature of the provincial government. No one needs to point that out to me, because I established the Department of Municipal Affairs in the province of Ontario in 1934 and I know where the responsibility lies; but certainly we cannot shed total responsibility, and, as I repeat, the municipal taxation system was designed for a purpose and to be effective almost 100 years ago. It has outlived its usefulness and cannot meet present conditions. In the light of forecasts of increased population in the years ahead, as indicated by the Gordon Commission, the matter becomes urgent, and unless something is done almost immediately the worst is yet to come. The municipalities have come for assistance to the provinces, and they have come for assistance to the dominion Government, without effect. I think the Prime Minister of this country indicated recently that there will be a meeting between the dominion Government and the provinces and the municipalities some time this year.

Hon. Mr. Macdonald: I did not think the provinces were to be included. I understood the meeting was to be between the federal Government and the municipalities.

Hon. Mr. Croll: Were the provinces not to be included? I thought the three groups were to meet together, but I may be wrong. In any event, we have to give consideration to this matter. There is the direct tax, a purely municipal tax, for roads, sewers, water, police and fire departments, and power. Here the municipal taxpayer pays for what he gets. I do not think he complains. It is higher in some places, and lower in others, depending on the efficiency of the municipal government. Overall the people get pretty good local government. There is another tax, indirect in concept, which I think should be measured by the ability to pay, that is, the indigent tax, the hospital

tax, the juvenile cause, welfare and education. These should not be municipal responsibilities; they should be shared between the Dominion and the province, and the municipality should bear, if anything at all, no more than the administrative cost. I think the time has come when there should be a clear line of demarcation between those two forms of taxation and it should be clearly understood, and yet we find that both the province and the Dominion are staving off, pushing off the municipalities and putting off the evil day. We need in this country a new concept of municipal taxation in order that we can put our own house in order.

One of the things holding back housing in Canada is the fact that we fail to understand the scope of taxation and we demand too much from the municipalities. We make them offers that we will pay up to 75 percent toward acquiring land for housing purposes if the province will pay 25 percent, and the province gladly enters into an agreement and then goes to the municipality and says, "We want you to pay 12½ per cent of that, but if you cannot pay 12½ per cent you must pay 10 per cent." The municipality says, "We cannot pay 10, we cannot pay anything at all," and so housing stalls and nothing is done.

Some provinces recognize the plight of the municipalities. In British Columbia house owners receive a benefit of $28, which is fully applicable to the municipal tax bill. In Alberta a dividend is received; one was $20, and the next year it was $17.50. That of course goes to all people in the province, but I understand that is likely to be discontinued, if I read an announcement clearly tonight. It seems that that is not attractive enough to the voter, as I gather from the announcement.

Hon. Mr. Howard: There must be an election coming up.

Hon. Mr. Croll: In Ontario the home owner receives a direct benefit. The province makes an unconditional grant which must be passed on by the urban or rural municipality to home owners. The grant last year was 2 mills. I point out to you that the provinces are not completely blind to the needs of the municipalities except where it will cost the provinces money and they do not want to do anything about it. In any event, what we are having is a piecemeal attempt to solve these problems. And yet the home owner is carrying a very great burden. But there is one way that the Dominion can assist these municipalities. There is on the statute books at the present time an act called the Municipal Improvements Assistance Act. It was passed on the 24th of June, 1938, and amended on the 27th of June, 1947. The original concept of the act was to assist, to help employment by making loans on municipal self-liquidating projects. The word "self-liquidating" was given a very wide interpretation—but remember, it was to help employment, that was the reason. I point out to the honourable Leader of the Government that when I dealt with the employment figures it was not my purpose to rub salt on a wound and I was not laying any blame. I read a government announcement today, that was where I obtained my figures.

Many applications were made under that act and very few were rejected. A vast number were approved. Not one penny that was loaned out under the act is in arrears and I believe that every payment has been met. Later on I will indicate who borrowed the money and for what purpose.

Under the act the municipality made an application for a self-liquidating project, obtained the approval of the Lieutenant Governor in Council, and it was guaranteed by the province. The rate of interest was 2 per cent. Every one of the provinces participated, except Ontario. I said that the term "self-liquidating" had a very wide interpretation. Under that act loans were made for municipal buildings, water-mains, street pavings, water-works, filtration plants and schools. What I am concerned with tonight are water-mains, water-works and street paving. It may interest honourable senators to know that under this act the cities of Vancouver and Pictou and the town of Annapolis Royal obtained money for school construction. The act could be used for school construction at the present time to make money available to these municipalities in order to bring down the cost of education.

Now, for the edification of the members of the house let me indicate to you how the money was spent and where it was spent.

In Prince Edward Island, Montague built a municipal building under the act.

In Nova Scotia, Pictou got two schools; Annapolis Royal got a school; Sydney got an installation of water-mains and a sewer system; and Kentville a water filtration plant.

In New Brunswick, Bathurst and Marysville did street paving—Bathurst got $50,000 and Marysville, $15,000. Edmundston did some street paving and Dalhousie did a municipal building.

In Quebec: Rimouski did a water project; so did Amos. Amos did a rather extensive one—it cost $197,000. Granby got a city hall.

Hon. Mr. Macdonald: What did it cost?

Hon. Mr. Croll: $73,000.

Montreal did not do badly. It installed a sewer system construction for $630,000, and traffic lights to the extent of $220,000. Chicoutimi built a filtration plant. Quebec City got a water-main construction for $340,000. All this money has been paid back.

I just indicate to you the possibilities. I have something more to say about that.

Hon. Mr. Robertson: May I ask the honourable senator a question? Were these amounts advanced by way of loans or actual gifts?

Hon. Mr. Croll: They were loans at the rate of 2 per cent, and all are repaid. That is my point.

Hon. Mr. Macdonald: How many years ago?

Hon. Mr. Croll: 1950.

Hon. Mr. Brunt: Money rates have since gone up.

Hon. Mr. Croll: All moneys by way of interest and principal have, I understand, been repaid, and most of these loans have been liquidated.

Hon. Mr. Taylor (Westmorland): Is the city of Fredericton mentioned there for a loan to build the Victoria Public Hospital?

Hon. Mr. Croll: Yes, I see an item for $200,000 to Fredericton, and $112,000 to Saint John. But I am just taking the highlights—I miss the little sums.

Hon. Mr. Brunt: What about Manitoba?

Hon. Mr. Croll: Winnipeg had replacement of water-mains; Manitoba did a street paving job, and so on. Saskatchewan, I see, took advantage of the act, as it had a right to do, and did more projects than any other province. They include water-works improvements at Prince Albert, water-manis at Moose Jaw, an electric utility building at Saskatoon, improvements in an electrical utility at Regina, street paving at Saskatoon installing a water system at Humboldt, extending water-works at Regina, and replacing water mains at Rosetown.

In Alberta, I see Edmonton replaced street cars with a trolley bus system at a cost of $150,000, under this very wide interpretation of self-liquidation. Calgary got a municipal garage improvement, an airport hangar and administration building, and—this is hard to interpret—$46,000 for additions and improvements to buildings. But these have all been repaid, and the municipality has a right to make use of the act.

I see another big item from Alberta; installation of water and sewer systems at Hanna, $100,000. Then in British Columbia, in Vancouver city, some schools were constructed at a cost of $390,000, and water-works, at $100,000.

Altogether, some 109 loans were approved. Ontario did not participate.

Hon. Mr. Pearson: In what year were those loans made?

Hon. Mr. Croll: They were made up to 1950. I do not have any information beyond that date. These are merely examples of what can be done under the act at the present time by way of getting 2 per cent money. You may feel that is subsidized money. I think we should stop screaming about subsidization: as I indicated earlier, we are doing a great deal of subsidizing.

Hon. Mr. Pearson: A loan is not a subsidy.

Hon. Mr. Croll: No, but some people may call 2 per cent interest a subsidizing of interest. I don't call it that, and I am happy to know my friend agrees that it is not a subsidy. That is the point I am trying to make, because we need low-cost housing in this country. We have lots of poor people; we have deserted wives, we have incurable people, persons unemployed by reason of physical and mental defects. These unfortunates represent 6 per cent of our population. And in addition we have ever so many people in lower-income brackets who require low-cost housing. We have the ability and the facilities right here to make money available to the municipalities now, at a time when we are facing what appears to be a hard winter. We must find some way to put the people to work.

Hon. Mr. Aseltine: We are building more houses now than ever before.

Hon. Mr. Croll: Of course we are, and I have said so. But we will continue to need more. I take no consolation in saying there are unemployed. I hope I am never in a position to say to the Government side of the house, "We have unemployment and you are responsible for it". Believe me, I would much prefer to say, "We have full employment in this country". Having gone through the hungry thirties, I thought we would never again see the type of unemployment we have at the present time. I am trying to suggest to this house, and to the people who are prepared to listen, that the great problem we will face this year is winter unemployment. We have always had it to some extent, and we have it now more than before. Here is a way of meeting it. If we don't choose to use this act generally, surely we can say to the municipalities which need help, "We will make money available for works to relieve winter unemployment. The works should start in September or October and finish in February. For this purpose we are prepared to subsidize by way of low interest

rates; we are prepared to interpret the act so as to provide for the kind of self-liquidating work that was done in the past, under this act".

My point is, we do not need any new legislation; it is on the books and we can use it. Here is the opportunity and here are the tools. This is a problem and we have the means of solving it. If we apply our facilities, it will not lie in the mouth of anyone to quote figures as I have done tonight from official documents for this purpose. I hope the honourable gentleman opposite who has the ear of the Government will remind it of the concern which I know it truly feels, indicate what is likely to happen this winter and point out to it that there are facilities available by way of the Municipal Improvements Assistance Act to make money available in a myriad of ways to relieve unemployment in municipalities.

It has been proven over a long period of time that the fastest and best way of employing people is through construction. Not only does it give people wages, but it creates. One of the tragedies of the depression was that we spent hundreds of millions of dollars and in the end had nothing to show for it but an embittered people. Now, with that experience behind us, we can at least use the knowledge, the tools, the facilities and money available to us in order to produce wages as well as homes. If we build schools or help lay out subdivisions, construct water mains or erect hospital buildings, these are things which will be here for ever, and nothing will be lost. When we build homes we firm up the foundation of democracy in this country. We may as well face the fact that there are people who need subsidization. This act provides for it. It will cost a few more dollars, but the returns will be very great.

Of course, I support the report. I had hoped that it would go further than it does, but at any rate it is a very worth-while contribution to thinking on housing in this country, and is something of which the Senate may well feel proud. It is the kind of work which the Senate does very well.

On motion of Hon. Mr. Robertson, debate adjourned.

EXCISE TAX BILL

SECOND READING

Hon. Clarence V. Emerson moved the second reading of Bill C-44, to amend the Excise Tax Act.

He said: Honourable senators, this bill is intended to implement the budget resolution affecting the Excise Tax Act. The Excise Tax Act imposes the general sales tax as well as special excise taxes on a number of commodities such as automobiles, radios, television sets, jewelry and cosmestics. It will be found that the bulk of amendments contained in this bill deal with the sales tax, although there are several amendments which relate to the special excise taxes as well. It was stated in the budget speech that the proposed amendment to the Excise Tax Act would reduce revenues in a full year by $10 million and in 1958-59 by $8 million.

There are only nine clauses to the bill, plus a schedule. The following notes deal with each clause and the schedule in turn.

No. 1: new items to be exempt from sales tax, purchased by municipalities, materials in sewerage and draining systems.

To enlarge a little upon that: Sewer pipes and other equipment used in sewerage and draining systems constitute an important expenditure for the municipalities. Where sewers are installed by subdividers or by contractors they may enter into a contract whereby the pipe and equipment are furnished by the municipalities and the contractor does the work of installation, or the contractor, on finishing the job for which he has furnished the pipe and materials as well as the installation work, may invoice the municipalities separately for the work done and for sewer pipe and equipment sold to the municipality. The contractor would then apply for a refund of the sales tax on the pipe and equipment he has sold to the municipality.

Structural items: this rounds out the present exemption for structural steel and concrete shapes used in bridges purchased by municipalities.

Culverts: there is already an exemption for structural steel and concrete shapes purchased by municipalities for bridges. Considerable difficulty arose in distinguishing between a bridge and a culvert.

Diesel fuel: this is for the municipalities. A few municipalities use diesel fuel oil to drive internal combustion engines, which in turn drive generators to produce electricity. An amendment to be found under the heading "processing materials", which I will come to later, will make it clear that fuel used in internal combustion engines is generally subject to sales tax. This amendment will provide an exemption from this general rule for diesel fuel purchased by municipalities to generate electricity with internal combustion engines. Coal and fuel oil used in thermal electric plants are already exempt.

No. 2: a number of new items added to building materials which are exempt.

No. 3: some new items of interest to farming and horticultural industries have been added.

No. 4: diesel fuel oil used in logging, lumbering and mining interest has been made exempt from sales tax. This amendment clarifies the exemption from sales tax for goods consumed directly in the production of goods. The present wording of this part of the schedule is "Materials, not including grease or lubricating oils consumed or expended directly in the process of manufacture or production of goods". This amendment provides as a general rule that diesel fuel will be subject to sales tax. However, the schedule also provides some exceptions which overrule this general provision.

The first of these exceptions has already been referred to—that for diesel fuel used by municipalities to generate electricity.

A further exception is provided by the closing underlined words under this heading, which provide an exemption for diesel fuel oil when used in internal combustion engines used in logging operations and the manufacture of rough lumber.

The special excise tax on the value of advertising and special editions of non-Canadian periodicals has now been repealed. In addition the $2 licence fee has been abolished and a number of minor amendments to clarify some points have been made.

Clause 1 of the bill repeals the special excise tax of 20 per cent on the value of the advertising material contained in special editions of non-Canadian periodicals. This tax was imposed in 1956 and became effective from January 1, 1957. It produced about $1 million in revenue per year. The Minister of Finance has given his reasons for repealing this tax, that it was discriminatory and was not fulfilling its purpose.

Clause 2 of the bill provides that the fee charged for licences under the Excise Tax Act will be abolished. Manufacturers and licensed wholesalers who have to account for sales tax or special excise taxes will still be required to take out a license, but there will be no charge in future and the licence will be a continuing one instead of being annual. The present law says that the minister may prescribe a fee not exceeding $2. The fee has in fact been $2 in the past.

Clauses 3, 4 and 5 of the bill are consequential on the repeal of the licence fee.

Clause 6 of the bill deals with refunds of sales tax allowed to certain welfare agencies. It proposes that the definition of the kind of welfare organization that is eligible for a refund of sales tax on its purchases shall be broadened. It also proposes that refunds may start earlier.

Clause 7 of the bill adds a new administrative provision dealing with proof of return. It is similar in form to the provision in section 136(14) of the Income Tax Act. It provides that the production of a return filed by or on behalf of a taxpayer shall be accepted as evidence in any proceedings against the taxpayer.

Clause 8 re-enacts schedule III of the Excise Tax Act. This is the schedule which lists the items that are exempt from sales tax.

The new schedule III re-enacted by this clause has been rearranged in alphabetical order. No items have been dropped from the schedule. All the new items added to the schedule by this bill are underlined.

Hon. W. Ross Macdonald: Honourable senators, the honourable gentleman from Saint John-Albert (Hon. Mr. Emerson) has given a very good explanation of the bill. As he has said, it is based on a budget resolution. It is one of the bills coming before us to assist the Government in having a deficit of some $500 million at the end of the year. I have not got much to complain about in connection with this bill, but I would like to point out that while it is a bill to amend the Excise Tax Act it affects just the sales tax. There is no reduction in excise taxes. It will be noticed that there are four schedules to the act itself, but only schedule III is referred to in the bill. But what is schedule I about? It has to do with the excise taxes, which are the hidden taxes. The honourable gentleman who introduced the bill did not mention the other tax in the act itself. There are certain goods on which there is not only a sales tax of 8 per cent but an excise tax. I will just mention some of the items in schedule I.

Paragraph 1 refers to automobiles, on which there is an excise tax of 7½ per cent. Honourable senators will recall that hardly a year ago there was a great deal of talk about taking that tax off altogether, but in the bill before us no mention is made of the excise tax on automobiles, so it remains at 7½ per cent. In addition, the 8 per cent sales tax remains on automobiles. It is not removed by this bill.

Paragraph 2 of schedule I provides for articles, materials or preparations of whatever composition or in whatever form, commonly or commercially known as toilet articles, and so on. There is a sales tax of 8 per cent on these articles together with a 10 per cent excise tax. Let me not neglect to say that over and above the 8 per cent sales tax there is an additional 2 per cent tax which goes toward payment of old age securities. So the total sales tax is 10 per cent rather than 8 per cent. I mention these points so that it will be clear to us all what we are paying under the provisions of the Excise Tax Act legislation before us now. Schedule I also applies to devices commonly or commercially

known as lighters, on which there is a 10 per cent tax. Then there is a 10 per cent tax on coin-operated games.

On phonographs, record playing devices, radio broadcast receiving sets or any combination of the foregoing, and the tubes therefor, there is a tax of 15 per cent over and above the 10 per cent sales tax. Then, of course, the same provision applies to television sets. You pay an additional 10 per cent on tobacco pipes and cigar and cigarette holders. Those of you who smoke cigars pay not only the 10 per cent sales tax but the 15 per cent excise tax. There is a 10 per cent excise tax on matches. On clocks and watches adapted to household or personal use—

Hon. Mr. Aseltine: The honourable senator is not advocating that all these taxes be taken off, is he?

Hon. Mr. Macdonald: No; but I think we should clearly understand what we are being asked to pass tonight. We are asked to pass an amendment to the Excise Tax Act, but we are only reducing a portion of the goods which are included in the sales tax. The excise tax, in addition to the sales tax, remains on all these articles which I have mentioned. I mentioned clocks. I now move down the list to articles of jewellery. On articles of all kinds of goods made from ivory, 10 per cent. These are included in Schedule I of the act, which is not amended by this bill.

Schedule II refers to cigarettes and manufactured tobacco. On each five cigarettes or fraction of five cigarettes contained in any package, you pay 2 cents in addition to your sales tax. On manufactured tobacco, including snuff, but not including cigars and cigarettes, there is an excise tax of 80 cents per lb. So I think we have it clear that over and above the 10 per cent sales tax on the articles I have mentioned, you pay this additional tax, which is considerable.

Honourable senators, coming now to the bill before us, all I can say is that while the Government was making some reductions it could have gone a little farther without costing the treasury a great deal of money. In fact, I think if the Government had reduced the sales tax on certain articles of household equipment which particularly affect the ordinary householder—the young couple getting married and setting up a home—it would have been in the interests of our country, by encouraging our young people to take the leap and get married. It may be argued that the tax on building materials is reduced and that young people will benefit from that reduction. That is true, but I feel that a municipality is much better able to pay sales tax on articles it purchases than the young householder is able to pay the tax on household equipment.

Hon. Mr. Aseltine: Not according to the honourable senator from Toronto-Spadina (Hon. Mr. Croll).

Hon. Mr. Macdonald: Just a moment. The honourable senator from Toronto-Spadina will agree that the municipality is much better able to pay the sales tax on the goods which it buys, than the young married couple is able to pay a tax on a refrigerator, for instance. Why has the sales tax been left on refrigerators, electric stoves, washing machines, electric irons and toasters? Every young couple in Canada that sets up housekeeping needs to buy all these goods.

Hon. Mr. Aseltine: In Saskatchewan they get them as wedding presents.

Hon. Mr. Hayden: That is a wealthy province.

Hon. Mr. Macdonald: The Government does not give young couples refrigerators and electric stoves.

Hon. Mr. Aseltine: No; I mean they are given by friends.

Hon. Mr. Macdonald: I have no doubt there are many generous persons in Saskatchewan who make gifts of this kind, as also in Ontario, and in many places throughout the country, but there are thousands of young people setting up homes each year in Canada who do not receive as wedding gifts the goods I have mentioned, and have to buy them themselves. Why should not the Government be generous and go all the way in removing the tax on these articles? Honourable senators, I submit that the sales tax has been taken off many goods on which it could have been left. But I think the Government could have given a little encouragement to young people, who have a very hard time establishing themselves these days.

Another part of the bill which interested me greatly was the section of Schedule III entitled "Charitable, Health etc.". There is no sales tax on cortisone, insulin and radium; and there is no sales tax on liver extract for use exclusively in the treatment of anaemia. I am in accord with that. There is also no sales tax on vaccine for use in the prevention of poliomyelitis, and material for use exclusively in the manufacture thereof. Are honourable senators not surprised to learn that there is a sales tax on vaccine which is used in connection with smallpox, diphtheria and whooping cough? I understand that nowadays practically all children are vaccinated against all three. When there is no

sales tax on vaccine used in connection with polio, why is there a tax on vaccine used for any other purpose? It is hard for me to understand.

Then there are all these other household drugs which are found in every medicine chest in every home, such as iodine, band aids, peroxide, castor oil, and other vegetable and mineral oils. And what is the reason for leaving the sales tax on penicillin, and on iodine? I do not know. I cannot understand why the Government, in taking the sales tax off so many things, overlooked the more essential articles of daily life, on which the tax must continue to be paid.

Hon. Salter A. Hayden: Honourable senators, I am not going to delay consideration of this bill very long. My friend has done an excellent job in pointing out that this is not a bill designed primarily to bring joy to newlyweds, and I do not propose to add anything to that except to say that some additional building materials are exempt, and that since newlyweds must find a place to live, their home will possibly cost a little less because the sales tax is not applicable to some of these building materials.

The bill is remedial. For that, I suppose, we should bow in reverence and thank the authorities who have seen fit to give this further little measure of relief, and hope that the good work will be continued.

The part of the bill that caused me to rise and speak is section 7. It may be that I see something sinister when I find the words "*prima facie* proof" occurring. From time to time, as bills have come to us over a number of years in the past, the words "*prima facie* proof" have appeared, and when we have been alert and caught it we have changed it to read "*prima facie* evidence". Now, there is a great difference between "*prima facie* proof" and "*prima facie* evidence". To me "*prima facie* proof" is a contradiction in terms, but what they have provided here is that where there is a prosecution of some person for an offence under this statute the production of the return purporting to be signed by him or on his behalf shall be *prima facie* proof of the fact of signature by him or by somebody on his behalf. Well, when you say *prima facie* proof, as far as I am concerned you have tied the hands of the magistrate or the judge—he can exercise no discretion in relation to that return, he must accept that return and whatever appears on it as being *prima facie* proof. *Prima facie* evidence is something entirely different. The return is produced in court and the magistrate has some discretion in the matter: he may examine the return, he may examine other evidence adduced by the Crown and he may conclude that a *prima facie* case has not been made out. In my submission, proof of the return, establishment of the fact that it was signed by or on behalf of the person charged, is the important factor in the case. The production of the return should not give to the Crown any more than a *prima facie* case, as we call it, and therefore you must say it is *prima facie* evidence, not *prima facie* proof. As far as I am concerned I would be prepared to say that the bill would not need to be referred to committee were it not for this rather unusual wording. This provision in section 7 we have argued on other occasions and we have been told by some of the people in the Department of Justice that *prima facie* proof and *prima facie* evidence mean the same thing.

Hon. Mr. Aseltine: What did we do with those other bills?

Hon. Mr. Hayden: In some of them, as I said in opening, where we were alert enough at the time we changed it. There may be one or two that we did not catch, but I do not know. But we changed some of them and I remember, when considering one of them, being told by Department of Justice officials that we should not do anything with it as both expressions mean the same thing. So the obvious answer is, why change *prima facie* evidence to read *prima facie* proof and go through the procedure of an amendment if they both amount to the same thing? In my view they do not mean the same thing and I think the proper thing to do is to retain the discretion on the part of the magistrate and give to the Crown the opportunity of adducing more evidence. Why not be satisfied with the term *prima facie* evidence?

Hon. Mr. Thorvaldson: Having great regard for the legal prowess of the honourable senator from Toronto (Hon. Mr. Hayden), perhaps I should not dare to disagree with what he has said in regard to this particular phrase. It was pointed out to me a few moments ago, and my thinking at the time was merely that the phrase "*prima facie* evidence" reads much better, but on looking at it closely I must say that I cannot agree with the view that my honourable friend has in regard to it.

Hon. Mr. Hayden: That is what makes lawsuits.

Hon. Mr. Thorvaldson: Yes, that is right. The governing words are "*prima facie*", and the moment that these words come before a magistrate or a judge, whether in the phrase "*prima facie* evidence" or "*prima facie* proof" he knows that it is rebuttable. As we know, the prosecution must begin with something, and it begins with the report

filed by the taxpayer. For the life of me I cannot see the difference between "*prima facie* evidence" and "*prima facie* proof", because the moment I see either "evidence" or "proof" following the words *prima facie* it simply means to me it is evidence which is rebuttable. But I will agree that I much prefer the phrase "*prima facie* evidence" to "*prima facie* proof" and I think it must be just an oversight on the part of the department in using the words "*prima facie* proof". Certainly, as far as I am concerned, the words "*prima facie*" govern the situation and I am not much concerned whether the word which follows is "evidence" or "proof".

Hon. Gustave Monette: Honourable senators, I agree with the last pronouncement on the matter. To me "*prima facie* proof" and "*prima facie* evidence" are the same. Whether it is evidence *prima facie* or proof *prima facie*, it is *prima facie*. That is, at first sight it is evidence, and evidence at first sight is evidence that can be received until it is contradicted. It is rebuttable, as my honourable friend said. There are two kinds of evidence—*prima facie* evidence, which is rebuttable and evidence which is not rebuttable. But the expression "*prima facie* evidence" or "*prima facie* proof" means it is proof that should be received, but it can be contradicted.

Hon. Mr. Hayden: Will my friend permit a question? I can understand how one rebuts evidence, but how does one rebut proof?

Hon. Mr. Thorvaldson: That is why I prefer the word "evidence". But it does not make any difference.

Hon. Mr. Monette: To me the word "evidence" is the same as the word "proof".

Hon. Mr. Hayden: Well, if that is so, why not say it?

Hon. Mr. Monette: I would say the two words are not identical but they mean very close to the same thing. I myself prefer the word "evidence", but legally I do not see the difference between it and "proof".

Hon. Mr. Croll: I am not sure which side I am on at the moment, but there has been a *prima facie* case made for referring this bill to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Emerson, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, August 19, 1958

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

Prayers.

EMERGENCY GOLD MINING ASSISTANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-53, to amend the Emergency Gold Mining Assistance Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

MARITIME COAL PRODUCTION ASSISTANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-54, to authorize certain amendments to the agreement made under the Maritime Coal Production Assistance Act with The Dominion Coal Company, Limited.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

FINANCIAL ADMINISTRATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with B-43, respecting the Financial Administration Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the table the following document:

Report of the Unemployment Insurance Commission for the fiscal year ended March 31, 1958. (English text).

PRIVATE BILL

BOARD OF TRADE OF CITY OF TORONTO—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-17.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the bill (S-17) intituled: "An Act respecting The Board of Trade of the City of Toronto", have in obedience to the order of reference of August 18th, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Hayden: Honourable senators, with leave of the Senate, I move the third reading now.

Motion agreed to and bill read third time and passed.

INTERNATIONAL TRADE

NOTICE OF MOTION WITHDRAWN

On the notice of motion by Hon. Mr. Robertson:

That in the opinion of the Senate, Canada should enter into immediate negotiations to associate herself with her NATO partners and other countries of good will in the imaginative and constructive effort, presently in contemplation, to develop the economic welfare of the western world.

Hon. Wishart McL. Robertson: Honourable senators, the subject-matter of this motion which stands in my name is, I believe, as important now as it was at the time I gave notice. Nevertheless, for varied reasons it has not been possible for me to go ahead with the motion, and as we have now reached the stage when, we hope, the possibility of an early prorogation exists, I would, with the consent of the Senate, withdraw the notice.

Hon. Senators: Agreed.

The Hon. the Speaker: Notice withdrawn.

RETURNED SOLDIERS' INSURANCE BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-33, to amend the Returned Soldiers' Insurance Act.

He said: Honourable senators, this is a bill to amend an act passed for the benefit of the veterans of World War I. The act was

passed in 1920. The main purpose was to provide insurance for veterans who, on account of disabilities and other factors, would be unable to obtain insurance from the regular insurance companies. The act provided for a policy not exceeding $5,000. It also had provisions as to who the beneficiaries could be under that policy. This insurance remained in force from 1920 to 1923, when eligibility ceased. It was resumed in 1928 and ceased in 1933 so since August 1933 no new policies have been issued under this act. The premiums charged were on a non-participating basis, and all the premiums collected form part of the Consolidated Revenue Fund.

During the period this act has been in force there were issued 48,319 policies for a total of $109,299,500. The average amount of each policy was approximately $2,000. On the 30th June this year the policies in force were 10,570, with a face value of approximately $22,363,060.01.

Hon. Mr. Macdonald: Did you say that 48,319 policies were issued?

Hon. Mr. White: Yes. To break that down: there have been paid, on account of death, about 12,000 policies, about 16,000 have been surrendered, and the balance have lapsed through non-payment or from some other cause. This act is now administered by the Veterans Insurance Department previous to 1950 it was administered by the Canadian Pension Commission.

Clause 1 of the bill is intended to allow the minister more discretion than he has at present to increase the lump sum payment of insurance that may be made available to a beneficiary in the event of the policy proceeds becoming payable on the death of the insured. At present the maximum lump sum that may be paid without reference to the minister is limited to $2,000, and the minister is granted discretionary power to authorize the payment of additional amounts of less than $500 as a lump sum. The remainder of the proceeds becomes payable in the form of an annuity. Thus, at present if proceeds amounting to $2,500 become payable it is necessary to limit the lump sum payment to $2,000 and to pay the remainder as an annuity. The shortest annuity period is five years. The quarterly amount purchased by $500 is only $27.66. The limited useulness of this small quarterly annuity makes it desirable to broaden the discretion which the minister holds, and this proposal is that it be extended to $1,000, thus avoiding the necessity of insisting on such small annuity payments, and, of course, the administrative effort that is involved over a period of years.

Clause 2 of the bill substitutes the word "contingent" for "alternative" in the description of the secondary class of beneficiaries. As honourable members may know, the primary class of beneficiaries consists of the spouse and children of the insured. So long as any member of that class survives the insured, the proceeds will be paid within that class as designated. The secondary class consists of the insured's parents, brothers and sisters, grandchildren, et cetera. The description of this class as "alternative" beneficiaries has proven to be confusing to policyholders, as they have tended to look on it as describing an alternative member of the class of primary beneficiaries. For example, a policyholder who wished to name his wife as the primary beneficiary if she survived him and, otherwise, desired the proceeds to be paid to his son, might designate his son as an alternative beneficiary. The word "contingent" is used in the Veterans Insurance Act in describing this secondary class and has been found more suitable. By making this alteration in the Returned Soldiers' Insurance Act certain administrative savings arising from uniformity of forms will be achieved. You will see that this change is necessary in several sections of the act. In each instance the reason for the change is the same.

Clause 3 of the bill, which is of considerable importance, repeals section 10 of the act, with one proviso. This act was designed primarily to provide family protection for those who could not secure policies at standard rates from insurance companies and might, nevertheless, have disabilities that would not enable pensions under the Pension Act to be awarded on their death. It was therefore originally conceived, and has since been a feature of the act, that if a pension does become payable on the insured's death the proceeds of a policy under this act should be limited. Consequently, section 10 of the act originally provided, in effect, that if a pension were awarded, the insurance money would not become payable but the premiums with compound interest at 4 per cent would be returned. In 1922 the act was amended to provide that an amount of $500 insurance should become payable but that the proceeds of the excess over $500 would be limited to the return of premiums with compound interest. The operation of this provision was, of course, most severe in the early years. In many instances now the accumulation of premiums and interest has reached the corresponding face amount. In a number of policies, however, the accumulation still falls short. By repealing this section a policyholder whose death occurs in future can be assured that the face amount would not be reduced because of the award of any pension.

The proviso I mentioned has reference to policies issued prior to the amendment of June 1922. Up to that time, the act authorized contracts to include a provision that if a pension were awarded on the insured's death the premiums and interest would be refunded in lieu of the insurance money. There was no restriction in the amount of such accumulation. In some instances, on such policies, the premiums and interest amount to more than the face amount. The rights of these policyholders will be protected and the beneficiaries will continue to receive the total accumulation as provided by their contracts.

I might mention, honourable senators, that this bill was referred to the Standing Committee on Veteran Affairs in the other house, at which the Canadian Legion was represented and approved the bill, as did the committee.

Hon. W. Ross Macdonald: Honourable senators, I am very much interested in this bill and I am exceedingly grateful to the Government of 1920 for bringing in this act, for at that time I was one of many thousands who were not considered good insurance risks. None of the life insurance companies would take me as a risk because in their eyes I was not supposed to live long. Fortunately, however, because of the sheltered life I have lived since 1920 I am in very good health now and I would have been a good risk for the insurance companies.

Hon. Mr. Brunt: That was before you came into the Senate.

Hon. Mr. Macdonald: I am one of the 48,319 original policy holders who took out policies under the provision of this bill, and I know of many others who served during World War I who could not have obtained insurance at that time, had it not been for this bill. The bill has served an excellent purpose, and it will continue to serve a better purpose when amended in accordance with the explanation given by the honourable senator who introduced it. All I have to say personally is that it will be many a long year before my estate gets the benefit of this policy which I hold.

Motion agreed to and bill read second time.

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

Hon. Mr. White: Next sitting.

VETERANS INSURANCE BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-34, to amend the Veterans Insurance Act.

He said: Honourable senators, this bill is a counterpart of the previous bill, and it provides for insurance for veterans of World War II. The act came into effect in 1944, and the first insurance policies under it were issued in the following year. Eligibility under this act extended to all veterans and certain other persons. The same provisions as were in the Returned Soldiers' Insurance Act applied to veterans who were unable to get insurance under this act on account of low categories and certain disabilities. The premiums were on a non-participating basis, and as with the other act all premiums are paid into the Consolidated Revenue Fund. The largest amount is $10,000, as opposed to $5,000 under the other bill. Up to June 30 of this year 42,508 policies have been issued, with a face value of $133,870,000. Of these policies, on June 30 of this year there were in effect 28,523 policies with a face value of $86,243,000.

Clause 1: As honourable senators are aware, eligibility to contract for veterans insurance has terminated for a great many veterans who saw service during World War II, and eligibility in most other cases expired on December 31, 1954 for certain other groups. Eligibility for members of the regular forces who continued to serve after the war was intended to terminate on December 31, 1954, but due to a change in the meaning of "active service" which was extended in 1950 to include service in the regular forces, such members became eligible to contract for this insurance during a period of ten years following their release from the regular forces. Clause 1 of this bill as originally presented provided a firm cut-off date for such members of the forces who saw service during the war. The cut-off date proposed was September 30, 1962. When this bill was discussed in the House of Commons Standing Committee on Veterans Affairs the committee came to the conclusion that it would be advisable to extend the period of eligibility to September 30, 1962 to all veterans of World War II and to the special groups to which I have referred. The Veterans Committee in the other place made this recommendation to the Government, and the Government gave it due consideration, and as a result clause 1 of the bill now extends eligibility under this act until September 30, 1962, to the following groups:

1. Veterans.
2. Widows and widowers of persons who died on service during the war.
3. Widows and widowers of veterans who had not contracted for this insurance.
4. Members of the regular forces who saw service during the war and continued to serve.
5. Members of the Women's Royal Naval Services and the South African Military Nursing Service.
6. Fire fighters.
7. Special operators.
8. Auxiliary services supervisors.

9. Merchant seamen who received or were eligible to receive a bonus pursuant to the Merchant Seamen Special Bonus Order or the Merchant Seamen War Service Bonus Order, 1944.

10. Other persons who, under the Pension Act, are receiving disability pensions relating to the war.

Clause 2 of the bill contains a provision similar to that contained in Bill C-33 amending the Returned Soldiers' Insurance Act, which grants the minister discretion to authorize the payment of an additional $1,000 of policy proceeds in lieu of his present discretion, which is limited to amounts under $500.

Clause 3 repeals section 10 of the Veterans Insurance Act. Following the reasoning employed in the designing of the Returned Soldiers' Insurance Bill, a similar provision with respect to the limitation of proceeds in the event of the award of a pension under the Pension Act on the insured's death was incorporated in this act. The basis of the calculation of the amount differs from that under the Returned Soldiers' Insurance Act, in that the amount of insurance above $500 is paid, broadly, in proportion to the part of the premium-paying term of the policy that has elapsed; for example, if a policyholder with a $5,000 contract on the 20-payment life basis dies after 12 years and a pension is awarded, the amount payable to his widow, the beneficiary, would be $500 plus about 12/20ths of $4,500. If it had been a 10-payment life policy it would have been paid in full because the premium term had expired. By repealing this section, the award of a pension on the death of a policyholder would have no bearing on the amount of the policy proceeds.

Clause 4: As I mentioned with respect to clause 1 of the bill, a new deadline of September 30, 1962 is proposed by this bill for all persons who had, in the past, been eligible to contract for veterans insurance. Clause 4 will effect this extension for those who saw service in Korea during the operations in that theatre and whose eligibility expires October 31 of this year. This eligibility was conferred on Korean veterans by the Veterans Benefit Act 1954, which act also provides that widows of such persons who saw Korean service will be eligible and will be entitled to the extension. It was necessary to make this provision in a separate clause of the bill because eligibility was first conferred by another act.

Hon. T. D'Arcy Leonard: Honourable senators, I realize the debate on second reading is on the principle of a bill, and the remarks that I am going to make have nothing really to do with the principle of this bill but are for the purpose of seeking information with respect to the interpretation of section 3, as the draftmanship somewhat puzzles me.

Section 3(1) provides that section 10 of the act is repealed.

Then subsection 2 says, "This section", and I presume it means section 3 of this bill. It does not refer to section 10, which has already been repealed by subsection 1 of section 3, and I am puzzled as to what exactly will be the effect of section 3(2) after section 10 has been repealed. May I ask the honourable senator from Hastings-Frontenac (Hon. Mr. White) to explain it?

Hon. Mr. White: Honourable senators, I do not know whether I can explain it or not. I should have mentioned that this bill, which also was referred to the Committee on veterans Affairs of the House of Commons, at which the Canadian Legion was represented, received their approval and approval of the committee. I am afraid, however, that I cannot answer the honourable senator's question offhand.

Hon. Mr. Macdonald: Probably the third reading of the bill could be put over until tomorrow, so as to enable the sponsor of the bill to get some information on the clause.

Hon. Mr. White: I will get the information and give it to the honourable senator on third reading.

Hon. Mr. Leonard: Thank you very much.

Motion agreed to and bill read second time.

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. White: Next sitting.

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-45, to amend the Children of War Dead (Education Assistance) Act.

He said: Honourable senators, this act came into force on July 1, 1953. As originally worded the act excluded, on purely technical grounds, some children whom it was intended to cover and who are now being included in paragraph (c) of section 2 of the act.

The act provides assistance to children whose fathers were killed in action or subsequently died as a result of service-incurred disabilities, and which children are or have been in receipt of a pension. The act provides allowances and fees to children attending courses requiring matriculation or its equivalent for entrance. The fees are limited to $500 a year and the allowances are $25 per month while the student is in attendance at a course.

In addition, pension is continued by the Canadian Pension Commission at the rate of $40 per month up to the 21st birthday. The student is required to be pursuing a course of full-time instruction and limited to four academic years or 36 months, whichever is the lesser. The student is required to commence the course within 15 months after matriculation. The act does not permit continuation of allowance or fees where the student fails in more than one supplementary examination. However, he is granted a deferment of one year while he is continuing at his own expense a repeated year. The payment of allowances and fees is not continued beyond the twenty-fifth birthday, except to enable the student to complete the academic year in which he attains that age.

As of June 1958, 1125 children have been approved for training under this legislation, and it is expected that in the very near future this number will increase from 25 per cent to 33 per cent.

The total cost under this act to date is $885,939; and for the last fiscal year, from April 1, 1957 to March 31, 1958 the cost was $150,000.

It may be of interest to honourable senators to know that 552 boys and 573 girls took advantage of this training. Out of the boys who took training there were 170 engineers, 75 in business administration, 36 lawyers, 48 scientists, 70 teachers, 28 technicians, and so on. Of the girls who took training there were 10 in business administration, 10 in commercial artists, 26 dietitians, 14 journalists, 241 nurses, 172 teachers, and so on. In all there were 28 different courses taken by these children.

The purpose of the amendment in clause 1(v) of the bill is to extend eligibility to a child whose parents died after the child's 21st but before his 25th birthday. An allowance and cost of education can only be paid where a student is or has been receiving pension in respect of the death of a parent. Consequently, these payments may commence after the student reaches age 21 only where the parent died before the student reached age 21 and a pension was paid on behalf of that child. This conforms with the policy that, if a child whose father was living had not commenced higher education before age 21, such education would not be one of the things that the child was denied because of the service-connected death of the father. However, some cases have come to light where the child whose father was living actually did commence higher education before age 21, but when the father died subsequently the family circumstances were such that he had to discontinue his education or to continue it under conditions of hardship to the family. As the purpose of the act is to ensure that children will not be deprived of higher education because of their father's death as a result of service, there appears to be some discrimination against this group. There is no reason why a child should not benefit solely because his father died after he, the son, reached 21, while a child next door enjoys the benefit because his father died when he, the son, was 20. Provided other conditions are met, the two should have the same opportunity for education.

Some restrictions should, nevertheless, be imposed to ensure that eligibility is extended only in those cases where the parent's death would be the sole cause of the interruption of the child's education. Otherwise, there would be no relationship between the service-connected death of the father and the granting of the benefit. These restrictions are set out in clause 3 of the bill.

Clause 1 (vi). The purpose of this amendment is to extend eligibility to a child whose pension is reduced because of compensation from another source.

Sections 20, 21 and 22 of the Pension Act require the commission, in determining the amount of pension to be awarded, to take into consideration the amount of compensation paid under a Workmen's Compensation Act or the amount of damages paid by a person legally liable. For this reason, it sometimes happens that pension in respect of a child is paid at a rate lower than that specified in schedule B to the Pension Act, or even not paid at all. Where no pension is paid, it may not be possible to conclude definitely that the judgment by the board or by the court contemplated full coverage of the costs of education; where the commission awards some pension, such costs are not covered.

Clause 1 (vii). The purpose of this amendment is to extend eligibility to a child in respect of whom compassionate pension is granted under section 25 of the Pension Act. There are some cases where a compassionate award of pension is made in favour of children who are in reality "children of war dead". In this type of case, it can be argued that the children have a right to educational benefits upon the father's death.

It is proposed that eligibility be accorded to a child where (1) the cause of the parent's death has been ruled by the Pension Commission to have been incurred on or attributable to war service or to service in Korea; and (2), pension to or on behalf of the child has been awarded by the commission under section 25 of the Pension Act.

Clause 2. The purpose of this amendment is to permit the allowance to be fixed at

$60 a month to a child who has attained his 21st birthday but has not reached his 25th. When a child is receiving education and reaches age 21, pension is discontinued and his income is reduced by $40 a month if he is a first child, by $30 a month if a second child, and by $24 a month if a subsequent child. This is based on the orphan rates for children. Thus there exists a certain anomaly under the act, in that a student who has been accepted for higher education at age 19 receives a monthly allowance of $25 a month and also a pension of $40, if he is a first child, until he reaches age 21. After that his income is reduced to $25 a month although he continues the same studies under the same conditions. If we are to allow the student to complete his course successfully and safeguard our original investment, it seems that we should not place him in an unfavourable position just because he has reached age 21. The $60 a month suggested is the same amount that was paid to a single veteran training under the Rehabilitation Act, and represents an average between the $65 paid to a first child before age 21 and the $55 paid to a second child.

Clause 3. This clause sets forth the restrictions, to which I referred in discussing clause 1, applicable to the over 21 age group. This amendment permits payment of allowance and costs for a student whose parent's death was service-connected and occurred after the student had reached age 21 but prior to his 25th birthday; provided that the student (a) had commenced higher education before reaching age 21; (b) has pursued such education without interruption until the death of the veteran parent; and (c) applies for assistance under the act to commence not later than the beginning of the next academic year following the death of the veteran parent, subject to the proviso that the minister may permit extension of the commencement date where he feels that circumstances so warrant.

Honourable senators, this bill also was referred to the Veterans Affairs Committee of the other place, at which members of the Canadian Legion were present. Not only the members of the Legion but all members of the committee warmly commended the extensions provided by this bill.

Hon. W. Ross Macdonald: Honourable senators, I am sure this bill will not meet with any objection from this house. Its passage will necessitate certain additional expenditures, but I think we are all in accord with it for this purpose. Did I understand the honourable senator who introduced the bill to say that the cost to date was $885,935?

Hon. Mr. White: That is correct.

Hon. Mr. Macdonald: Is that the cumulative cost?

Hon. Mr. White: That is the total cost to date. Last year the cost was approximately $150,000.

Hon. Mr. Macdonald: This year the cost will be greater, and it will increase from time to time as years go by. But I do not think anyone would take exception to the bill on that point.

The sponsor of the bill stated that members of the Legion were present at the committee meeting of the other house, and that they were pleased with the improvements contained in the bill. But he did not state that the Legion felt the provisions should go farther.

Hon. Mr. White: I might point out to the honourable Leader of the Opposition (Hon. Mr. Macdonald), who has had extensive experience in appearing before the Legion, that it always wants such legislation to go a little further than it goes.

Hon. Mr. Macdonald: I would not agree that the Legion always wants more than it gets. It has had certain aims, and most of them have over the years been achieved through the persistency of its members and by reason of the assistance of sympathetic members of the other house, including the honourable senator who sponsored the bill, who sat on committees from time to time and saw the justice of the claims made by the Legion. The veterans feel they are entitled to certain considerations, they ask for them, and when they get them they are satisfied; but until they do get them they persist in appearing before committees for that purpose, as they have the right to do.

In this instance the Legion wanted clause 1(vii) extended to include all children who are in receipt of a compassionate pension under section 25. But the Government, which must take the responsibility in the matter, has not seen its way clear up to the present time to grant that request. The sponsor of the bill can hardly say the committee of the other house did not grant it; I think if the Government had shown any desire to agree to the request of the Legion the committee would have gone along with it.

I refer next to the new section 4(1)(b), which is in clause 2 of the bill. In this respect also the Legion did not feel the provision went far enough. It felt that the provision would cause a discrepancy in the case of more than one child by reason of the scaled payments under the Pension Act. The Legion recommended that the amount should be increased, but again the Government has

not seen its way clear to meet that request. Perhaps I should read the last few words of paragraph (b):

—but the total period for which an allowance may be paid to or in respect of a student under this act shall not exceed four academic years or 36 months, whichever is the lesser.

I do not know whether that means 36 months of continued education, or 36 months in the aggregate.

Hon. Mr. White: Thirty-six months in the aggregate.

Hon. Mr. Macdonald: Is that clear in the clause?

Hon. Mr. McDonald: That would be four college years.

Hon. Mr. White: It would be four continuous years, or 36 months, whichever is the lesser. It could not be more than four college years; it is four academic years or 36 academic months, whichever is the lesser.

Hon. Mr. Macdonald: I see. And the 36 months would not have to be continuous months.

Hon. Mr. White: It could be continuous, in cases where there were classes, or something like that. But in the case of a boy going to university, to study law, or to be an engineer, it certainly would not be continuous; it would be the academic year.

Hon. Mr. Macdonald: Then, again, the Legion takes exception to the schedule. It requests the adding of those children pensioned under clause 26, subsection 7 of the Pension Act, which provides pensions for children of disability pensioners, if the pension had been paid at the rate of 50 per cent or more, regardless of the cause of death. But here again, the Government has not seen fit to meet the wishes of the Legion. I point this out simply to emphasize the fact that, although the Legion is pleased with the improvements which are made in this bill, the measure does not meet all its requests, and doubtless it will come back next year, and doubtless we shall have another bill, similar to this one, at the next session of Parliament.

Motion agreed to and bill read second time.

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

Hon. Mr. White: Next sitting.

NATIONAL CAPITAL BILL

FIRST READING

Hon. Lionel Choquette moved the second reading of Bill C-48, respecting the development and Improvement of the National Capital Region.

He said: Honourable senators, the purpose of this bill is to revise the Federal District Commission Act to enable the commission to discharge more effectively its duties in the preparation of plans for, and assistance in, the development and improvement of the National Capital Region. For this purpose the names of the act and of the commission have been changed and the commission's organization, powers and financing have been substantially revised. The joint Parliamentary committee appointed in 1956 to review and report upon the progress and programs of the Federal District Commission recommended that the Federal District Commission Act be revised, and a number of the provisions of this bill implement recommendations of the committee.

The references hereafter are to be corresponding provisions of the Federal District Commission Act.

Such are the explanatory notes in the bill.

It will be recalled that in 1956 a joint committee of the Senate and of the other place made certain recommendations regarding the enlargement and improvement of the National Capital District. The bill before you, respecting the development and improvement of the National Capital Region, has been prepared largely in the light of these recommendations. As recommended by the committee, the names "National Capital Act" and "National Capital Commission" have been substituted for "Federal District Commission Act" and "Federal District Commission". Provision has been made for increasing the size of the present National Capital District. The National Capital Region referred to in the bill is approximately double the size of the National Capital District.

An important feature of the new bill is the power it grants to the National Capital Commission to deal with land it requires to carry out its objects and purposes. Among other things, the commission is empowered to acquire, hold, administer or develop property, including the acquisition and holding of property which it does not require for its immediate needs. This is particularly important in the case of lands within the green belt which the commission may acquire and hold to ensure the orderly development of this area. As most honourable senators know, it may be necessary for the commission at times to acquire more property than is really required for certain purposes; and the commission, according to this bill, will be empowered to do so. Later on the commission may make sure that the portion which is not required for its purposes be not subdivided into small lots that could be sold. The commission can decide to hold that excess

land or it can lease it back to the former owner, or resell that portion to the former owner, and therefore prevent the risk of the excess land being subdivided into smaller lots.

The bill continues the powers of the present commission regarding the construction, maintenance and improvement of facilities such as highways, parkways, approaches to railways, and the like, and it contains several clauses of an administrative and routine nature which will enable the commission to carry out its tasks more effectively and efficiently.

Honourable senators, I do not know how many of you followed the debate in the other place, recorded in the Commons *Hansard*, but this measure has been accepted almost unanimously by all parties. It is, as I believe honourable senators will agree, of a non-partisan and non-controversial character. The Leader of the Opposition in the House of Commons eulogized the bill and was very much in favour of it; so was the representative of the third party in that house.

The act which the bill now submitted to you will repeal, and for which this bill will be substituted, is the Federal District Commission Act of 1926. The bill upon which the present bill was founded was introduced by Mr. St. Laurent on April 8, 1957, as Bill 417, but was not proceeded with at that time. A general election was held. Now the present Government is taking the action recommended by the joint parliamentary committee. Yesterday the Prime Minister made a declaration, which was reported in one of our local newspapers with this headline:

P.M. Sets Nine-Year Goal For Ottawa Development.

I will read certain excerpts from this article:

The Prime Minister told the Commons today that he would like to see such progress made in the development of Ottawa as the National Capital that the major objectives would have been achieved in nine years when the 100th year of Confederation will be celebrated.

Opposition Leader Pearson immediately promised support of the legislation and said Government buildings in the National Capital must be worthy of the National Capital Plan—

Mr. Pearson said this emphasis on aesthetic value must be applied on both sides of the interprovincial boundary.

Honourable senators will realize that in order to create the National Capital Region, which will take in Ottawa and Hull and parts of Nepean and Gloucester townships, close co-operation will be required between the Government of Canada, the provincial Governments of Ontario and Quebec and the municipal Governments of Ottawa and Hull. Everyone hopes that this co-operation will be attained soon.

The question of an interprovincial bridge is a matter of urgency. Another question of great importance involves that beautiful river, the Ottawa River, which has been polluted in recent years. Not long ago I heard a talk given by a well-known chemist on this question. His theory, based on an analysis of the water, was that if it were not for the sewage disposal system the Ottawa River, like any other body of running water, such as a spring-fed mountain lake, could purify itself within five days no matter what else was put into it. Pollution of the Ottawa River is one of the most serious problems this commission will be faced with. Other urgent problems involve construction of an interprovincial bridge and preservation of old buildings, old monuments, within this area. The hope has been expressed by speakers in other places, and it is my hope too, that there will be no repetition of such an act as the demolition of a monument like the old Supreme Court of Canada Building, where many of our Prime Ministers had pleaded important cases and where most of the jurisprudence of this country originated. There should be no repetition of that kind of thing.

I am sure honourable senators will agree this is a non-partisan and non-controversial bill and that it should pass in this house as easily as it passed in the other place.

Hon. John J. Connolly (Ottawa West): Honourable senators, as a member of the joint committee which considered the problems of the Federal District Commission in 1956, I would like to make a few comments about the measure now before us.

At the outset may I say I was most pleased indeed that the honourable gentleman from Ottawa East (Hon. Mr. Choquette) was chosen to sponsor this bill. I would venture to say that he would know Ottawa and its environments, its geography and conditions, as well as anybody in Parliament, for he was born and raised in this city and his whole career has been developed here. He has made an excellent presentation of a bill which he has described as non-controversial but which still requires some consideration by both houses of Parliament.

The bill itself does not tell the entire story. A good deal of it is told in the report made by the joint committee of Parliament that sat in 1956 and which was reproduced in our *Hansard* and *Minutes of the Proceedings* on August 1 of that year. That report indicated the committee sat on some 32 occasions. I should like to say in passing that the committee members from the other place were pretty busy in the closing days of the session dealing with problems in their own house, and it was the Senate members of the committee who contributed perhaps most of the

work. It was they who, for the most part, listened to and appraised the evidence and framed the report.

In addition to sitting some 32 times—and some of the sessions were long ones—the committee under the guidance of officials of the Federal District Commission visited some of the properties over which the commission has control. Prior to the committee sessions in 1956 there had been no parliamentary review of the affairs of the F.D.C. since 1944, a 12-year lapse. I would hope, and indeed the committee so recommended, that there might be a more frequent parliamentary review of F.D.C. activities.

The most significant event between the parliamentary studies of 1944 and 1956 was the presentation to the Government of the completed National Capital Plan, which had been prepared under the direction of Mr. Jacques Greber. If I remember correctly, Mr. Greber was not in Ottawa during the sittings of the committee, but he was here shortly afterwards and many of the committee members then had an opportunity of talking with him about the National Capital Plan. I would like to see him return some day when a parliamentary committee is sitting, because the enthusiasm he shows for this plan and the convincing way in which he discusses the prospects and possibilities of creating a magnificent national capital, is something every parliamentarian should hear.

Honourable senators, there are some things in the report I think might well be reflected in our records today. In referring to the National Capital Plan the report says:

> We believe when it is implemented it will be a monument around which and within which the historical and cultural interests and activities of our people can be developed.

It is conceived as something of which all Canadians can be proud, and I think honourable senators, most of whom have spent all of the summer months in Ottawa this year—

Hon. Mr. Croll: Not by choice.

Hon. Mr. Connolly (Ottawa West): Not by choice, it is true, and perhaps not by choice even of those whose homes are in Ottawa; but I think all parliamentarians will realize what a focal point, what a mecca, this very Hill, with its magnificent location, is becoming for Canadians—I hope more for Canadians than for people of other countries. Perhaps that alone begins to justify in the mind of parliamentarians the importance of developing this plan in the interest of all Canada.

Honourable senators, the development and completion of this plan—perhaps it never will be really completed—the development of this plan is not going to be a cheap operation; it is going to be expensive in terms of dollars, and for that reason it must be thought of with the national interest, rather than the local municipal interest, primarily in mind. In other words, the improvements which are made under the National Capital Plan are not designed for Ottawa as a municipality, they are designed for Ottawa as a great national capital.

The honourable gentleman who explained the bill said something about the need of co-operation between various levels of Government. That is one of the problems that confronted the members of the committee, and particularly the lawyers, of course, who were very conscious of it, because in the proposed national capital area, as it is described, you have two provincial interests as well as the federal interest, and you have some eight or nine municipal interests. You have two cities, and you have a set of rural municipalities on both sides of the interprovincial border. To try to work out a scheme which is not going to infringe upon the rights and the prerogatives of these various governmental levels is bound to present problems. As the committee learned, each province has what is known as a Planning Act, if I may describe it in a general way. Under these Planning Acts it is possible to arrange for certain types of orderly development within a given area, as described in an order made under the act. Any plan which might be imposed upon an area as a result of the operations and provisions of a Planning Act can, of course, interfere with a general plan like the National Capital Plan. It was made very clear to members of the committee, however, that the National Capital Plan is not something that is to be imposed regardless of the provincial rights and responsibilities and regardless of the municipal rights and responsibilities. Therefore, in order to work out the idea of a national plan, thought has to be given to the provincial position and to the municipal position as well.

In the report some six items were singled out for special treatment, and I think it was the intention of the members of the committee to try to set these up in terms of importance. The first was the problem of pollution in the Ottawa River, to which my honourable friend has already referred. I do not propose to discuss that at any length. The senior senator from Ottawa (Hon. Mr. Lambert) has already brought to the attention of the Senate on a number of occasions the importance of that problem and the difficulty of dealing with it. When the committee sat we had some very excellent evidence and good advice given by Dr. A. E. Berry, Director of Sanitary Engineering, of the Ontario Department of Health. Just about

that time the Quebec Legislature also passed an act called an "Act Respecting the Pollution of Water". The difficulty of solving the pollution problem in the Ottawa River is not one which can be solved by the two large municipalities alone, or by one of them. There are a good many municipalities, upstream and downstream, which have considerable responsibility in this. It should be remembered, too, that while the toxic pollution does come from sewage, there is a good deal of industrial pollution which will perhaps present a problem of a different character and of different magnitude, but which is still a real problem to the authorities which finally have to deal with the pollution problem. I hope the City of Ottawa can take a lead, particularly in the construction of the sewage disposal plant and, before that, in the provision of the connector sewers which are so essential to that, and are, incidentally, so very expensive.

The second point of interest was the establishment of the Queensway. I do not think I want to discuss that at any length, except to say that it seems to be well on the way now and that, as the committee had hoped, provision has been made that it shall be helped from the act with reference to the establishment of the Trans-Canada highway.

The problem of the removal of railway facilities from which the downtown area of Ottawa was given serious consideration by the committee, and the feeling was that as soon as possible the downtown railway facilities should be eliminated. I realize that this would cause a certain amount of inconvenience to travellers by train, and perhaps even to parliamentary travellers by train. It would mean perhaps a twenty minute taxi drive, instead of just crossing the street; but, after all, people are accustomed nowadays to going to the outskirts of cities when they arrive by plane, and I think in time perhaps the inconvenience will be accepted and the downtown railway facilities can be removed to the place where in the National Capital Plan they best fit in.

The question of the bridge between Ottawa and Hull was also of some importance in the minds of the people who sat on the committee, and it was recommended that a new bridge be built as soon as possible.

The question of the Green Belt was a very thorny problem, and I am very pleased indeed to see that the problem has now been solved. It was thought that perhaps that huge expenditure which is now to be undertaken by the Government to acquire the Green Belt might have been avoided if some action could be taken under the Planning Act, particularly of the province of Ontario, which might give the same kind of protection without the huge expenditure required by expropriation of the Green Belt area. However, apparently that avenue has been explored without avail, and the step of expropriating the Green Belt area must now proceed.

Lastly, I come to the sixth item, a major item of the report, and the last one with which I shall deal, that is, the development of the Gatineau Park. The honourable senator from Medicine Hat (Hon. Mr. Gershaw) spoke about this matter when he addressed himself to the affairs of the Federal District Commission, during the Address in Reply to the Speech from the Throne.

There has been a good deal of comment both for and against the establishment of Gatineau Park which is not, strictly speaking, a part of the national capital, of Ottawa proper. But I do think with that magnificent territory to the north of the Ottawa River and to the north of this Hill so readily accessible it is rather appropriate that, looking to the long range view at the future of this country and at the future of this national capital, some effort should be made to preserve the natural beauty of that area for future generations and, indeed, for the availability of the present generation. One or two years ago I was present when the then Prime Minister, the Right Honourable Mr. St. Laurent, presided at a function opening what is now known as the Fortune Lake Parkway. I would hope that every honourable senator would some day be able to go to the top of Fortune Lake Parkway and see the magnificent view there from the escarpment overlooking the Ottawa River. The view obtained from that height extends almost 75 miles in every direction from the lookout over the river. It is typical of central Canada scenery. In time the roadway will continue along the escarpment, I hope, for a distance of some 15 to 17 miles as far as a place called Taylor Lake, and I think it will be one of the most spectacular drives in eastern Canada.

I do not want to get into a controversy with the people from Nova Scotia, who will talk of the Cabot Trail, nor with people from western Canada, who will speak about the Rockies, but I speak now of the scenery in central Canada, and I think that the development of that drive along the escarpment over the Ottawa River will be comparable to anything in Canada or to anything the Americans have in, let us say, their drive over the Blue Ridge Mountains outside of Washington. In addition to that, it is a very historic spot, and as Mr. St. Laurent pointed out that day, perhaps from the very vantage point on which we were all standing and

looking at this magnificent scene in the beautiful colours of October, Champlain himself, as he went up the Ottawa, might have stood on those heights to survey the area he was then exploring.

Honourable senators, as one who, like the honourable gentleman from Ottawa East (Hon. Mr. Choquette), was born here and has been interested for many years in the development of this great vision of a great national capital, I think more interest should be taken in this great plan by representatives of the people from all parts of Canada. If they do so, the more successful, the more fruitful will be the work done by the Federal District Commission. The people who work there are dedicated people, most interested in the development of the plan as laid down by Mr. Greber and as he has progressed with it under the encouragement of successive Prime Ministers. I do hope that the plan will continue to be developed, not in the interest of this locality alone but in the interest of all Canadians.

Hon. Norman P. Lambert: Honourable senators, I should like to congratulate my colleague from Ottawa East (Hon. Mr. Choquette) upon the very interesting presentation he made of this bill and to say to him that some 14 years ago, upon the occasion of the second revision of this act, I had the privilege of saying something about the deliberations of a joint committee at that time on the things that were recommended for future achievement. I have been interested in trying to recall to what extent they have been adopted, and while my honourable friend was speaking so optimistically and enthusiastically of the future of this legislation I could not help but go back to the part I played in 1944 when the then Prime Minister, the Right Honourable Mackenzie King, with enthusiasm and idealism for the future of this district, expressed his outlook almost as enthusiastically as the Prime Minister did yesterday in the other house about the years which will elapse between now and the hundredth anniversary of Confederation. I can say right at the outset that I am heartily in support of this bill and I hope all the things that are said about it will come true much more quickly than the things that we thought might be achieved in 1944 have come true. I would just like to point out that the change of name to the National Capital Commission and the National Capital Region in place of the Federal District Commission and Federal District area are significant changes, even though I doubt they will have much effect on the material development of this district. The very fact that the name has been changed or is proposed to be changed suggests possibly a more conscious outlook on the capital of Canada for the future than has been evident in the past.

I would like, however, as a matter of contrast to refer to something that was said by the late Prime Minister in 1944, as recorded on page 2237, volume 3, of the Commons *Hansard* of that year. Speaking to a resolution which set up the joint committee of 1944 he said this:

> Some day the capital of Canada might become a federal district to be administered by a commission in a manner similar to the capital at Washington. That district would extend far enough to include a very large area on the other side of the river as well as the Ottawa area. I would like to see the day when the Ottawa river instead of flowing along the north border of the capital will be flowing through the heart of the city, the Greater Ottawa that is to be, and that we shall have a capital city which will extend as far into the province on the other side of the Ottawa River as it may extend in the province on this side.

Now, the Right Honourable Mr. Diefenbaker refers to a capital city "worthy of Canada's destiny and of the nation as a whole", to "a city beautiful" and also to "a concept of a capital city that was dreamt of by successive Prime Ministers of this country, one of whom, namely, the Right Honourable Mackenzie King, gave to the planning a sense of national purpose and dedication which this bill will carry on".

As I say, when reading these references over against the eloquence of the late Prime Minister in 1944 I am just wondering whether or not the trend has changed. Has the outlook changed in relation to the significance of this capital centre? The other house was told that the change of name has been brought about because some people were not happy about the word "district" because it suggested an intention to make of this area a district similar to the District of Columbia in the United States. If there is any truth in that suggestion it certainly would appear that the words of the present Prime Minister about carrying out the vision and purposes of the previous Prime Minister will have to wait for another 15 years, let alone nine years, to be given any sense of reality.

I would like to quote what was said in 1944 by the joint committee. My honourable friend from Ottawa West (Hon. Mr. Connolly) has given a pretty adequate outline of what was recommended in the joint committee report of two years ago. I think a good deal of the background of what was discussed then and what was contained in that report was dealt with first of all in the report of 1944. The reason I am emphasizing this is that I think there is a great deal more to the progress and development of this national area

than the mere passing of legislation. I think, in short, that the vital requirement in order to fulfil what is claimed to be the aspirations of the people of Canada is practical ways and means in the form of administration and leadership to get things done. A way must be found to overcome some of the very difficult constitutional and jurisdictional problems that confront our authorities in approaching this work.

I will now read two paragraphs from the final report of the Joint Committee of the Senate and the House of Commons appointed in this matter. It is to be found in pamphlet No. 8 dated August 1, 1944, at page 171.

> It is not the purpose of this committee to make definite recommendation to the Government regarding the future character of a federal district to embrace this park area and the municipalities on either side of the Ottawa River including the City of Ottawa. We are of the opinion, however, that this long-term project should be committed by the Government to a special commission of experts for investigation and report, involving as it would the possession of expert professional knowledge and the need for extended travel to study the plans and workings of federal capital districts in other countries. From the observations made by this committee during its investigations, it is clear that with the growth of Canada and the corresponding expansion of its governmental activities, the administrative problems arising between the City of Ottawa and the federal Government will become more complex and more difficult of settlement than they are now. As an indication of that prospect we would merely stress the inevitable difficulty that will arise in connection with the present reckless system of sewage disposal into the Ottawa River, the both banks of which within the most directly affected area, are the property of the Dominion of Canada.
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> While the project of a federal district of the proportions indicated must wait not only for well matured and well-founded plans, but also for the widespread support of a crystallized popular opinion throughout Canada, the development of Ottawa as a national capital is proceeding apace, and must not be held up, pending a settlement of the larger question.
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> Different reports have, from time to time, been made to the Government on the development of this district as a national capital. The report of the Holt Commission set up in 1913 is the most exhaustive of them all. The Greber report made in 1939 agrees in general with the main findings of the Holt Commission. These reports have been before the public for many years and have been illustrated and discussed in the press and have on the whole met with very general approval.

These words are probably just as true today as they were in 1944. The constitutional barriers and jurisdictional barriers are more difficult to overcome, if I may say so, than any physical or financial problem connected with the administration of the federal district. The joint committee of two years ago, which my colleage from Ottawa West has referred to and whose findings he has reviewed quite comprehensively, did establish some new projects that should be undertaken and should be followed by the Federal District Commission at as early a date as possible. The matter to be given first priority, as has been mentioned, was that of sewage disposal affecting the Ottawa River. The joint committee was a good committee, with able representatives from both houses. I remember particularly the keen and enthusiastic interest exhibited by the late Dr. Blair, from Lanark County, with respect to this particular aspect of the problem.

Hon. Mr. Connolly (Ottawa West): Very true.

Hon. Mr. Lambert: It was naturally expected, even on this side, that a man who was as interested in health and welfare as Dr. Blair had given full evidence of being in the other house, should feel that if he did nothing else during the rest of his public career he would like to see the Ottawa River cleaned up and made a credit to the establishment of a federal district. Therefore, it was without any division of opinion whatsoever that this problem of sewage was given first priority.

Emphasis was also given to the creation of a Green Belt, as has been explained by my honourable friend. Among other things mentioned were parking facilities within the city of Ottawa and the necessary changes to be made in that connection. I believe the spectacle we have seen this summer in the way of congestion of parking and confusion of traffic in front of this Parliament Building has been the most spectacular we have ever had, and it should serve to emphasize the problem in the minds of all members of Parliament as indicating a condition that calls for a remedy at the earliest possible moment. Quite some considerable time of the committee which sat two years ago was taken up in outlining the preparation of a place at the corner of Rideau Street and Mackenzie Avenue where parking facilities might be provided to take care of parking needs both underground and by elevating vehicles to upper floors. The general opinion of the committee was that this was one of the urgent problems in connection with the capital city plan, and that something should be done to relieve the congestion and confusion of traffic which develops around Wellington and Rideau Streets, involving the entrance to the Chateau Laurier and the Union Station. It was felt that this problem was second only in importance to the difficulty in connection with river pollution, and should be dealt with at the earliest possible moment.

I am pleased to see that the bill makes provision for the reorganization of the Federal District Commission, and for the appointment of a full-time general manager

to take charge of this work. Without implying any criticism of the members of the commission in the past, I think it is abundantly evident to anyone who has been interested in the development of this capital centre that a lack of authority, of drive and of desire for accomplishment has been evident. The goings-on between the Federal District Commission, the provincial authorities and the municipal authorities, have interfered with the progress of the work that should be done here.

I have in mind, by contrast, an admirable example of dealing with changing plans in municipal arrangement similar to problems we have to deal with here. In New York City, when changes have to be made, when plans have to be effected to deal with that very congested centre, the whole matter is left in the hands of one man, Robert Moses, who is the head of a corporation created by the city and given full authority both financially and in an engineering way to proceed with what has to be done. I believe there are in that city examples of accomplishments which would serve as a very fine object lesson for those who have dreams about the great future for the capital centre of Canada.

Honourable senators, I wish to emphasize again that the needs in connection with this legislation constitute jurisdictional problems rather than physical and financial difficulties. Further, I believe if the eloquent words which have been used in the application of this future legislation are to reach any measure of reality, the pressing need is for practical ways and means of administering the affairs of the commission. It should be reorganized at once, and a full-time head with necessary authority should be appointed to drive so many needed projects to a conclusion.

Honourable senators, with these disjointed and unprepared remarks I should like to express my most hearty sympathy with the spirit of this legislation, with the hope that it will soon be clothed in pretentious garb in keeping with the results we have all been hoping for and that the development of a capital centre here will proceed apace and satisfy the outlook and aspirations of the people of Canada.

Hon. W. Ross Macdonald: Honourable senators, it will be noted that the three splendid addresses we have heard on this bill this afternoon respecting the development and improvement of the National Capital Region were delivered by three honourable senators who live in the city of Ottawa. It was my hope that senators who come from other parts of Canada would speak on this bill. After all, this bill relates to the capital of Canada. It is our capital, and I think we should all take pride, as I am sure we do, in this very beautiful city.

I would also point out that with respect to the two committees referred to this afternoon, the co-chairmen in each instance were from elsewhere than the city of Ottawa. My recollection of the first committee is that the co-chairmen were the late Senator Copp from the Maritimes, and Mr. Gregory from western Canada; the co-chairmen of the second committee were Senator Gershaw, representing this house, and Mr. Dumas, from the other house, neither of whom lived in the city of Ottawa.

Honourable senators, this bill is of great interest to us all and, as was pointed out, it relates to a matter which has been of interest to all our Prime Ministers since the days of Sir Wilfrid Laurier. I recall that Mr. Mackenzie King took a great interest in developments not only in Ottawa city but in the area on both sides of the river, and much was accomplished along these lines during the time he was Prime Minister. He wanted to see, not a big Ottawa or a populous Hull, but a great capital worthy of our country; and what he started was carried on by his successor and is being pursued by the present Prime Minister. I am hopeful that honourable senators from other parts of the country will demonstrate their interest in this bill, which is of importance to all Canadians. The national capital is not only a beautiful city but comprises a beautiful district, for it also takes in, as I pointed out, quite a large area of adjoining land.

As for that part of the national capital which is Ottawa, I do not suppose there is any more beautiful sight, in the spring of the year, than the tulips which may be seen in front of this building and along the driveway and in other parts of the city. Thousands of people are attracted here to see these beautiful flowers. Of course, we are also proud of our buildings, and of the lawn which stretches in front of this Parliament Building, although the scene is and has been marred recently by the presence of so many automobiles. It has occurred to me that some place other than just around here could be found for the parking of cars. I know it is difficult to get space, but if we are to have a beautiful city, and an attractive area in this section, we must take away and store elsewhere the things which mar its appearance. I hope that the commission will be able to provide accommodation elsewhere for the automobiles which at the present time are spoiling in some degree what is otherwise a very beautiful area.

There is one other feature of Ottawa which has always been attractive to me and, I know, to many others who come here, and that is its bilingual aspect. Canada is a bilingual country, and I am sure that everyone who comes to Ottawa, no matter from what section, is delighted to hear another language spoken. I have no doubt that visitors from the province of Quebec enjoy hearing the English language in our capital, and I am no less certain that visitors to Ottawa from elsewhere in Ontario and from other English-speaking provinces are greatly interested to hear—and keenly disappointed if they do not hear—the language of our French fellow citizens. Both languages have their place. I do not mean that in one section French only should be heard: I believe that in all sections, if possible, both languages should be spoken. To the extent that it is done it constitutes an attraction for many people who come to Ottawa, and numbers of them have expressed to me disappointment when they found that in a large degree Ottawa is developing into an English-speaking city.

Another interesting feature of Ottawa which appeals to me, though it may be objectionable to some of my friends, is the market centre. Last Saturday I visited it, and a more beautiful scene of the kind I have never witnessed. The flowers, the fruit, the vegetables, the people one saw there—not only citizens of Ottawa but others from the rural districts—provided a scene peculiarly *Canadien*. One heard much conversation both in French and English. It is a very interesting section of the city. I do not know whether those responsible for administering the plan propose to do away with the market because it is not sufficiently businesslike, but I hope that will never be done.

I repeat, Ottawa is a city full of beauty and interest, and I trust that the commission's work will make it even more beautiful and interesting, and a worthy capital of our country.

Hon. W. M. Aseltine: Honourable senators, I have listened with great interest to the speeches which have been made on this bill. All of you know that I come from the great province of Saskatchewan, some 2,000 miles from this great city; and some of us have a little difficulty in persuading the people who live out there that so many millions of dollars should be spent for the beautification of Ottawa, even though it is the capital of Canada. However, when any of my friends from the west are here, I take them around in my little automobile and show them the beauties of the place, and having had the plan explained to them, they go home filled with enthusiasm for it.

There are, however, one or two things about this city which they do not like, and which they think should be cleaned up. For example, a friend of mine went for a walk one morning and was confronted with a row of garbage cans miles in length. Out in Saskatchewan, where there is plenty of land, when we are planning our residential areas we provide for a lane or an alleyway behind the main streets, and that is where the garbage cans go. But I notice with consternation, when I go to Ottawa's outlying areas within the city boundaries, that every bit of land is utilized for buildings alone; there are no lanes at the rear, the house or the building covers practically the whole lot, and garbage cans stand out in front as far as one can see. I think planning of this kind is a big mistake, and that when surveys of these new districts are made there should be provision to eliminate that eyesore. I remember speaking on this question on a previous occasion but no action has been taken. I notice these new surveys are not being carried out any differently from the ones that were made when Ottawa became a townsite. Other than this I have little to complain of. As a matter of fact, I am enthusiastic about this whole matter. I was a member of the joint committee which sat in 1956 and I was pleased that the members of the Senate who sat on that committee took such a prominent part in its deliberations. As it has been stated, we sat day after day when members of another house were so busy they could not give the subject-matter as much attention as they wished. Our members on that committee contributed substantially to the report that was brought down.

Honourable senators, I have travelled all around this great federal district. I viewed the scenery with the greatest of pleasure from many vantage points, particularly from the heights across the river, and I would like to see the National Capital Region considerably enlarged. I believe the 1955 plans indicated that the McGregor Lake country northeast of here comes within the boundaries of the Federal District. There is more beautiful country a few miles east of there, which belongs to the Wallingford family. There are Battle Lake and Rheaume Lake and other beautiful spots such as these which could be purchased by the federal Government and made into a wonderful playground for the people of Ottawa and district. I would like to see the district extended beyond what has been done by the acquisition of the Green Belt area. Generally speaking, I believe all Canadians are becoming more and more conscious of the fact that this is the capital of our great country, and they want to see it made into a beautiful capital of

which they and their children will be proud of. For these reasons I am wholeheartedly behind this project and this legislation, knowing it will be a splendid thing for all Canadians.

(*Translation*):

Hon. Cyrille Vaillancourt: Honourable senators, the bill which is before us today constitutes a symbol. It is called "An Act respecting the development and improvement of the National Capital Region".

The word "national" is specifically mentioned. That being the case, it seems to me that the capital of Canada will henceforth not be restricted to the city of Ottawa, but will include the surrounding district. A symbol of national unity is exemplified in such a district; it extends, on both sides of the Ottawa River, into the provinces of Ontario and Quebec, which are connected by three bridges.

Bytown, located at the edge of the province of Quebec, and the foot of Chaudiere Falls, had already been chosen as the capital of Canada at the time of Confederation. It has become the city of Ottawa, seat of the Government of Canada.

The Fathers of Confederation had decided not only to build a beautiful city here but also to develop both shores of the Ottawa. Today, we are given the opportunity to make their dream come true by passing this bill.

The honourable Leader of the Opposition (Hon. Mr. Macdonald) said that strangers coming to Ottawa are happy to see that bilingualism is a reality here and that French is used as well as English.

If this bilingualism were practised on both sides of the river, in both the sister provinces, by the two great races who built our country, it would be possible to improve our fraternal relations and our unity which, at times, are somewhat strained.

Once, when I was in England, I heard Englishmen, Scotchmen and even Welshmen say that they dreamed of being able, some day, to visit London, the capital of the British Isles.

Canadians feel the same way. From Gaspé to the Rockies and even beyond, many people want to visit the federal capital of this great bilingual country, which is anxious to develop a closer union between the two racial groups who built up this country, in order that Canada may become greater, more prosperous and more closely united.

(*Text*):

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Choquette: Next sitting.

Hon. Mr. Macdonald: Are you not going to send it to committee?

Hon. Mr. Choquette: I thought honourable senators were unanimous in their approval of the bill and that it could be given the third reading at the next sitting. However, if you desire that it should be referred to committee—

Hon. Mr. Connolly (Ottawa West): While I think it is agreed that the bill has the endorsation of every member of this house, there may be some points in connection with its draftsmanship that the Senate might like to look into. I believe honourable senators generally would feel a little better if the bill went to committee.

Hon. Mr. Choquette: Then I would move that the bill be referred to the Standing Committee on Natural Resources.

Motion agreed to.

PAROLE BILL

SECOND READING

Hon. Gustave Monette moved the second reading of Bill C-49, to provide for the conditional liberation of persons undergoing sentences of imprisonment.

(*Translation*):

He said: After hearing the excellent remarks made by the honourable Leader of the Opposition (Hon. Mr. Macdonald) a moment ago on the French language which, in his opinion should be spoken in the city of Ottawa, I thought of introducing my bill in French. However, it would seem more courteous and more in keeping with the spirit of the discussion and also in the interest of those who prepared the bill as well as my own,—so that I may be well understood,—to introduce it in English.

(*Text*):

Honourable senators, this bill concerns inmates confined to penitentiaries and jails who are serving sentences following conviction. The bill introduces a new principle, or at least it involves a substantial change in the system now prevailing. For that reason, it sems to me that I should explain it fully. The bill involves changes as to a few important points. First, it displaces the authority which grants discretionary relief from or remission of sentences of inmates in jails and penitentiaries. The bill also involves a change in many substantial ancillary clauses, which I could not deal with without covering almost

all the sections of the bill, for they are interwoven with the important principle that I am proposing to explain.

Honourable senators, this bill is intended to implement almost completely the Fauteux Committee report, which was made in April 1956. That committee carried on a study of our penitentiary system and recommended changes, most of which would be implemented under this bill, which I now propose to explain. The bill provides for the creation of a National Parole Board, and the transfer from the minister to that board of discretionary authority to grant remission of sentences. That discretionary authority would be given directly to the board. Some clauses provide that the new bill shall not interfere with the Prisons and Reformatories Act nor with the Juvenile Delinquents Act. It would be mandatory upon the new National Parole Board to revise, without any request so to do, all sentences of two years or longer on inmates now in jail or penitentiary. The bill also would make it mandatory for the board to revise, upon request, all shorter sentences.

The bill also provides for suspension or revocation of parole, and provides that there shall be no appeal from any decision of the board. The board is also given power to discard, suspend or quash sentences for offences in relation to the operation of motor vehicles. The bill repeals the Ticket of Leave Act. The new act would come into force on proclamation.

Honourable senators, as I have said, I propose, though not in detail, to give some substantial explanation of almost all the sections of the bill.

First, I call attention to the definition of the word "parole", which appears in section 2, paragraphs (d):

> "parole" means authority granted under this act to an inmate to be at large during his term of imprisonment;

Paragraph (e) reads:

> "paroled" inmate means a person to whom parole has been granted;

The Fauteux Committee made a report, from which I wish to read, in order to explain more clearly the meaning of this change. In this part of the report Mr. Justice Fauteux was referring to the Ticket of Leave Act which is now in force. I am reading from the House of Commons *Hansard* of August 11, 1958, page 3373.

> That this legislation was never designed to meet the complex problems of modern corrections, is quite apparent from the difficulties that are encountered in its administration under present-day conditions. We are astonished that such satisfactory results have been obtained in recent years by the service under this antiquated legislation, and much credit must be given to those who are charged with the administration of it.

In dealing with the new bill, which as I have said is intended to implement almost fully the report of the Fauteux Committee, I do not propose to take exception to the remarks Mr. Justice Fauteux made. In spite of the antiquated system which existed at the time there is no reproach of those who had charge of the administration of the Ticket of Leave Act.

May I say, honourable senators, that the recommendations of the Fauteux Committee are highly commendable. If I may be allowed to say so, as one who has known him for a long time, Mr. Justice Fauteux is one of the outstanding judges of the Supreme Court of Canada. Not only was he a prominent barrister in Montreal, but he had exceptional experience in dealing with community affairs. He was a Crown prosecutor for a great many years, having previously served as an assistant Crown prosecutor, and he dealt with practically every type of case that comes before a Crown prosecutor in the course of his duties. He acted not only in provincial affairs, but later in federal affairs, and he had a great deal to do with ticket of leave cases. He was engaged in prosecutions under special federal acts. He was the local prosecutor for the federal authority in prosecutions of offences under the Narcotic Drugs Act and other similar legislation in the federal field dealing with crimes. I might add that to my knowledge at least there was not, in my district in the province of Quebec, a barrister who was better known both for his honesty and his knowledge of legal matters.

Honourable senators, before proceeding with an explanation of the bill I will quote a summary that I have accepted as mine:

> Parole is a well-recognized procedure which is designed to be a logical step in the reformation and the rehabilitation of a prisoner who has been convicted of an offence and as a result is undergoing imprisonment. It is a procedure whereby an inmate of an institution may be released before the expiration of his sentence so that he can serve the balance of his sentence at large in society. While serving the balance of his sentence at large he is under appropriate social restraints which are designed to ensure, so far as possible, that he will live a law-abiding life in society. Parole is therefore a transitional step between close confinement in an institution and absolute freedom in society. The sanction that is imposed for failure to live up to the conditions that govern the release is the return of the inmate to the institution.

I will now proceed to refer to the bill in detail.

Section 3 of the bill provides for creation of the National Parole Board and for its composition. It is to be a board of not less than three and not more than five members, all appointed by the Governor in Council. The board will have some judicial power,

and also administrative powers. The chairman of the board will be charged with the administration of all that the board has to decide upon, and therefore he will be both an administrator and a part of the semi-judicial body.

The head office of the board will be in the city of Ottawa, as provided in subsection 6 of section 3, but meetings of the board may be held at such other places as the board determines.

The remuneration of members of the board is stated by section 4 to be at the discretion of the Governor in Council. And in subsection 3 of section 4 it is declared that the chairman is a chief executive officer of the board and has supervision over and direction of the work of the staff of the board.

As to the powers of the board, section 5 first contains an exception. It reads:

Subject to this act and the Prisons and Reformatories Act, the board has exclusive jurisdiction and absolute discretion to grant, refuse to grant or revoke parole.

As honourable senators know, the provinces of Ontario and British Columbia have their own provincial system of parole board. Within the limits of the powers of those provincial boards the bill does not interfere. So far as Ontario is concerned, the powers of the provincial board relate to such sentences as are partly definite and partly indefinite, the indefinite period being intended as a time in which parole could be granted, at the discretion of the provincial board. However, nothing hinges on that. The jurisdiction given to the provinces under the Prisons and Reformatories Act remains. The bill also does not interfere with the Juvenile Delinquents Act.

Apart from these limitations the board's jurisdiction is exclusive. It is mandatory on the parole board to review all sentences for terms of two years or more; it need not receive a request from the inmates concerned for a review. And it is made mandatory on the board to review, on request, sentences of less than two years. After reviewing the case of an inmate the board will decide whether or not to grant parole.

The Governor in Council is given power to make certain regulations, as provided in section 7 of the bill.

Section 8 gives the board power to grant parole. Perhaps it will be sufficient if I read the section, because it seems to be in very clear terms;

The board may

(a) grant parole to an inmate if the board considers that the inmate has derived the maximum benefit from imprisonment and that the reform and rehabilitation will be aided by the grant of parole;

(b) grant parole subject to any terms or conditions it considers desirable;

(c) provide for the guidance and supervision of paroled inmates for such period as the board considers desirable; and

(d) revoke parole in its discretion.

The board is not obliged to grant an interview to an inmate or any one on his behalf. You will see all along a little difference from when the parole system was under the authority of a minister of the crown, generally the Solicitor General. Everyone knows that he was subject to being importuned by a number of persons to try to obtain such and such a favour for someone whom they represented. One of the suggestions made in the Fauteux report, and one of the aims of the bill, is to take the discretionary jurisdiction away from the minister and place it into the hands of an independent parole board.

Section 11 contains an important provision:

(1) The sentence of a paroled inmate shall, while the parole remains unrevoked and unforfeited, be deemed to continue in force until the expiration thereof according to law.

(2) Until a parole is revoked, forfeited or suspended the inmate is not liable to be imprisoned by reason of his sentence, and he shall be allowed to go and remain at large according to the terms and conditions of the parole and subject to the provisions of this act.

Section 12, deals with suspension of parole, and is also important. It reads:

(1) A member of the board or any person designated by the Board may, by a warrant in writing signed by him, suspend any parole and authorize the apprehension of a paroled inmate whenever he is satisfied that the arrest of the inmate is necessary or desirable in order to prevent a breach of any term or condition of the parole.

(2) A paroled inmate apprehended under a warrant issued under this section shall be brought as soon as conveniently may be before a magistrate, and the magistrate shall remand the inmate in custody until the board cancels the suspension or revokes the parole.

(3) The board shall forthwith after a remand by a magistrate under subsection (2) review the case and shall either cancel the suspension or revoke the parole.

(4) An inmate who is in custody by virtue of this section shall be deemed to be serving his sentence.

The inmate is not immediately sent back to the penitentiary from which he came but is kept in custody pending the decision of the board; and the period so spent in custody is counted in his favour against the serving of his sentence.

Section 13 provides:

If a paroled inmate is convicted of an indictable offence, committed after the grant of parole and punishable by imprisonment for a term of two years or more, his parole is thereby forthwith forfeited.

Honourable senators will observe the powers of the board in that respect. If in the opinion of the board the inmate does not

deserve to continue his parole, it is cancelled by the board. If the inmate commits a criminal offence, the parole is automatically forfeited, and the board does not even have to pronounce on it.

Section 14 deals with apprehension, and perhaps I could dispense with reading it. Subsection (2) of that section deals with the recommitment of the inmate to the penitentiary from which he came, if the board decides he should be returned because of his behaviour in jail or for other reasons.

Section 15 deals with the execution of warrants for apprehension.

Section 16 has to do with the recommitment of an inmate and the place of recommitment. I have already explained that point: if an inmate who is on parole has his parole cancelled, he goes back to the penitentiary; but if his parole is forfeited because of the commission of a new crime, he automatically goes back to the penitentiary.

Section 17 is easily understood, but nevertheless it is an important section. Subsection (1) reads:

> When any parole is forfeited by conviction of an indictable offence the paroled inmate shall undergo a term of imprisonment equal to the portion of the term to which he was originally sentenced that remained unexpired at the time his parole was granted plus the term, if any, to which he is sentenced upon conviction for the offence.

So, if he commits a new offence, he must serve the sentence on the new offence, plus such unexpired time as he had on his former sentence at the time he was paroled. The time he spent under parole does not count in his favour against the unexpired time of his earlier sentence.

(*Translation*):

Hon. Mr. Vaillancourt: Is the time he spent on ticket of leave not taken into consideration as regards his prison term?

Hon. Mr. Monette: That is correct.

(*Text*):

Section 18 has to do with offences committed through the operation of a motor vehicle. It will be observed that the board may suspend or revoke any sentence of whipping made under the Criminal Code for such an offence. Subsection (1) reads:

> (1) The board may, upon application therefor and subject to regulations, revoke or suspend any sentence of whipping or any order made under the Criminal Code prohibiting any person from operating a motor vehicle.

It may appear to the board that such sentence was at the time too severe, but it may be considered unnecessary to send the inmate back for a new trial. Therefore, discretion on the matter is given to the board, which is a semi-judicial body.

Hon. Mr. Dupuis: In what circumstances might a man be convicted under the Motor Vehicles Act and be condemned to be whipped?

Hon. Mr. Croll: No, no.

Hon. Mr. Dupuis: As the honourable senator read the subsection, it indicates the board could revoke such a sentence.

Hon. Mr. Monette: I cannot give my honourable friend a detailed answer on that point, but if an accused is condemned to be whipped, the board may revoke that sentence.

Hon. Mr. Croll: But whipping cannot be ordered under the Motor Vehicles Act.

Hon. Mr. Monette: Subsection (2) of section 18 reads:

> The board shall, when so directed by the Minister of Justice, make any investigation or inquiry desired by the minister in connection with any request made to the minister for the exercise of the royal prerogative of mercy.

So it remains for any person to apply to the minister for clemency, but the application would be referred to the parole board.

Section 19 provides that no order, warrant or decision of the board is subject to appeal. May I offer a word of explanation in that respect? The power to grant parole is given to this independent body, and it is also given power to suspend parole. Therefore, since both its power to grant parole and to suspend parole is discretionary, there is no appeal from it.

Section 22 provides that:

> The members and staff of the board shall be deemed to be employed in the Public Service for the purpose of the Public Service Superannuation Act.

I should point out that section 23 relates back to section 4(2), which subsection reads:

> The officers, clerks and employees necessary for the proper conduct of the business of the board shall be appointed in accordance with the provisions of the Civil Service Act.

Section 23 reads:

> Notwithstanding subsection (2) of section 4, the Governor in Council may by order transfer persons who prior to the commencement of this act were members of the staff of the Department of Justice to the staff of the board.

By section 24, the Ticket of Leave Act is repealed. Section 25 provides that the act shall come into force by proclamation. There are four subparagraphs of section 24 which are intended to continue what was begun under the ticket of leave operation, and carry it on under the power and in the spirit of the new system, operated by the National Parole Board.

(Translation):

Hon. Mr. Vaillancourt: Would not section 24, paragraph 5, authorize the commission to commute a death sentence?

(Text):

Hon. Mr. Monette: The whole gist of the act has relation to those inmates who are sentenced for a term. A sentence to be hanged is not a sentence for a term. That is the explanation which comes to my mind.

Hon. W. Ross Macdonald: Honourable senators, the honourable senator from Mille Isles (Hon. Mr. Monette) has given us a clear and splendid explanation. This is a bill which I think it was quite proper to have had explained clause by clause. As honourable senators know, I was accustomed, having sat in the House of Commons for so many years, to hear merely the principle of a bill discussed on second reading, and in many cases, without a doubt, that is the way in which a bill should be handled in this house. But there are bills, such as this one, in which each clause contains some detail in which every honourable senator is interested, and I am very pleased that the honourable senator explained this measure clause by clause.

It is now nearly six o'clock. There was a long sitting this morning of the Banking and Commerce Committee, and it is to be resumed at eight o'clock this evening. Under these circumstances I move adjournment of the debate.

On motion of Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, August 20, 1958

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

Prayers.

PRIVATE BILL

BURRARD INLET TUNNEL AND BRIDGE COMPANY—COMMONS AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-4, respecting The Burrard Inlet Tunnel and Bridge Company, with several amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

Page 1, line 12: The word "shall" is deleted and the word "may" is inserted therefor.

Page 1, line 13: The word "shall" is deleted and the word "may" is inserted therefor.

Page 1, line 22: The word "shall" is deleted and the word "may" is inserted therefor.

The Hon. the Speaker: Honourable senators, when shall these amendments be considered?

Hon. Mr. Aseltine: Honourable senators, the amendments appear to be simple. As far as I am concerned, I have no objection to their being concurred in now.

Hon. Mr. Macdonald: Honourable senators, as this is a private bill I do not think the amendments should be considered without the approval of the sponsor of the bill. I suggest they be allowed to stand for consideration at the next sitting.

Hon. Mr. Aseltine: Next sitting.

INCOME TAX BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-39, to amend the Income Tax Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

CUSTOMS TARIFF BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-50, to amend the Customs Tariff.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following reports:

Report of the Unemployment Insurance Advisory Committee for the fiscal year ended March 31, 1958, as required by section 90, Chapter 50 of the Statutes of 1955. (English text).

Report of expenditures and administration in connection with the *Family Allowances Act* and the *Old Age Security Act* for the fiscal year ended March 31, 1958, (*corrected*). (English and French texts).

Auditor General's report of the balance sheet for the Canada Council, as at March 31, 1958, as required by section 22 of the *Canada Council Act*, Chapter 3, 1957. (English text).

Eighth Interim Report of The International Commission for Supervision and Control in Viet-Nam. (English text).

LAND USE

REPORT OF SPECIAL COMMITTEE

Hon. Arthur M. Pearson, Chairman of the Special Committee on Land Use in Canada, presented the committee's third report.

The Clerk Assistant (reading):

The Special Committee of the Senate on Land Use in Canada make their third report as follows:

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Pearson: Next sitting.

AUTHORITY TO PRINT REPORT IN SENATE RECORDS

Hon. Mr. Pearson: Honourable senators, with leave of the Senate, I move:

That the third Report of the Special Committee of the Senate on Land Use in Canada, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

Motion agreed to.

See Appendix to today's Hansard, *pp. 634-7.*

RETURNED SOLDIERS' INSURANCE BILL

THIRD READING

Hon. George S. White moved the third reading of Bill C-33, to amend the Returned Soldiers' Insurance Act.

Motion agreed to and bill read third time and passed.

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) BILL

THIRD READING

Hon. Mr. White moved the third reading of Bill C-45, to amend the Children of War Dead (Education Assistance) Act.

Motion agreed to and bill read third time and passed.

PAROLE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Monette for the second reading of Bill C-49, to provide for the conditional liberation of persons undergoing sentences of imprisonment.

Hon. W. Ross Macdonald: Honourable senators will recall that yesterday afternoon the honourable gentleman from Mille Isles (Hon. Mr. Monette) explained this bill quite clearly. He pointed out that the bill is based on the report of a committee appointed to inquire into the principles and procedures followed in the Remission Service of the Department of Justice of Canada. The Chairman of the committee was the Honourable Mr. Justice Fauteux. One of the committee's recommendations was that the Ticket of Leave Act should be repealed and that a National Parole Board should be established. This bill provides for the setting up of the National Parole Board.

Honourable senators will be interested, I am sure, in what I might call the definition of "parole" as set forth on page 51 of the committee's report. It reads as follows:

> Parole is a well recognized procedure which is designed to be a logical step in the reformation and rehabilitation of a person who has been convicted of an offence and, as a result, is undergoing imprisonment. It is a procedure whereby an inmate of an institution may be released, before the expiration of his sentence, so that he may serve the balance of his sentence at large in society, but under appropriate social restraints designed to ensure, as far as possible, that he will live a law-abiding life in society. It is a transitional step between close confinement in an institution and absolute freedom in society. The sanction that is imposed for failure to live up to the conditions that govern the release is the return of the inmate to the institution.

The report also gives a definition of "clemency"; and I would ask honourable senators to note that there is a difference between "parole" and "clemency":

> Clemency, on the other hand, has very little, if anything, to do with reformation or rehabilitation. It is nothing more than an exercise of mercy by the Crown, usually upon purely humanitarian grounds.

Then referring to "parole" again, the report states, on the same page:

> Parole offers an opportunity for the practical application of rehabilitation programs prior to the expiration of sentence. It encourages the inmate to maintain maximum contact with relatives, friends, and prisoners' aid and after-care societies, thus keeping him keenly aware of the existence of a free society of which he continues to be a member despite his imprisonment. The prospect of parole stimulates the inmate to derive maximum benefit from the facilities provided by the prison as preparation for parole, i.e., the educational, vocational, religious, recreational and other services furnished by the institution. It offers assistance to the individual upon release. The possibility of parole revocation operates as a deterrent to anti-social conduct. The possibility of parole may be an incentive to good conduct in the institution. Parole provides a means whereby, in proper cases, the term of imprisonment may be shortened. It allows the timing of release to be related to the completion of vocational and other training programs.

I thought that was a good description of the very desirable practice which has been in existence for many years.

As honourable senators know, it was my privilege for a number of years to hold the important office of Solicitor General of Canada. During that time the Ticket of Leave Act under which parole was granted was administered by the Solicitor General, and in that capacity I reviewed the applications of thousands of inmates of institutions who were seeking parole. You may think that that was a difficult and onerous task. Well, honourable senators, I will say it was an onerous task, and it would have been impossible for me to have performed it but for the excellent staff with which I was surrounded. The head of the Remission Branch is known as the Director of Remission Service. During the time that I was Solicitor General the Director was—and indeed still is—Mr. Allen J. MacLeod who, the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) reminds me, is from Cape Breton. No matter from where he comes, I can say that he is one of the finest men who ever headed a department of this nature. It is not an impersonal position, it is a position which requires the interest of one who is keenly interested in the welfare of those who are undergoing imprisonment; and I can assure you that he took a personal interest in those who were confined in institutions, in the hope that when they were released they would be able to live ordinary lives in society. I want to pay tribute to him and not only to him but to those with whom he was associated, the officials directly under him and their subordinates. These people were motivated by a great zeal to help their unfortunate fellow citizens; they have served Canada exceptionally well and I am pleased to have this opportunity to pay tribute to them.

Honourable senators, I have not the figures for all the years, but in 1955, which was the first full year in which I was Solicitor General, I recommended the granting of tickets of leave to 1,345 men who were in our penal institutions. In 1956 I recommended 1,423 tickets of leave. The average, you will be interested to know, was about one application granted for every three applications which were made. In 1955 there were 4,000 applications for parole, and of those 1,345 were granted, which is about one in three; in 1956 there were about 5,000 applications, and in that year 1,423 were granted, which is about a little better than one in three. Now, as I say, it would have been impossible for me to have reviewed in detail every application, but I can assure honourable senators that every application was reviewed with the greatest care by Mr. MacLeod and the officials directly under him and those associated with them. In other words, every application received the personal consideration of officials of the Department of the Solicitor General. It was a very heavy task for them.

Hon. Mr. Euler: May I ask my friend a question? Must a prisoner have served some specified part of his sentence before parole can be granted?

Hon. Mr. Macdonald: The general practice was not to grant parole before an inmate had served half of his sentence, but that was not a definite rule. I might say it was also the general practice that if a man was a repeater he probably would have to serve a little longer time before parole was granted. On the other hand, if a prisoner was a first offender and his offence was more or less of a minor nature his application might be considered before half of his sentence was served. That was the general rule.

I think honourable senators will be interested to know that of the 1,345 tickets of leave granted in 1955, only 25 were ordered revoked; and of the 1,423 tickets of leave granted in 1956, only 50 were ordered revoked. What I mean is that in each of those cases the man on ticket of leave had broken the restrictions under which it was issued to him and in some cases he committed another offence. When another offence is committed by a man on parole he is automatically brought back to the penitentiary to complete his term.

Hon. Mr. Euler: Does the half-sentence period apply to prisoners who have committed crimes of violence?

Hon. Mr. Macdonald: I would put it this way, that if a man had committed a crime of violence the likelihood of obtaining a ticket of leave at half time was very slight, although that would not prevent him from making an application and having it considered.

It seems to me that the figures I have given of the relatively small number of ticket of leave cases that had to be revoked are proof that my officials were not too lenient.

I think we can feel assured that during all this time the Ticket of Leave Act has been exceptionally well administered, and I give full credit to the officials of the department.

Honourable senators may wonder why in these circumstances a change is now proposed. Well, in the first place, I would point out, as the honourable senator from Mille Isles (Hon. Mr. Monette) did yesterday, that there is no criticism whatever of the administrators of the Ticket of Leave Act in the Fauteux Report. In effect, the report does not criticize in any way the administration and the Ticket of Leave Act by the ministers of the Crown over the years. There was no suggestion that the exercise of influence had ever had any effect on the granting or revoking of tickets of leave.

The honourable senator from Mille Isles said that pressure was sometimes put upon the minister in order to obtain a ticket of leave. During the almost four years that I administered that act no one ever endeavoured to put pressure upon me to release a man before he had served his time, unless he was worthy of the release, and I think I can say the same for my officials. Pressure was not put upon them. The public seemed to realize that it was useless to try pressure on that department. That feeling did not come into existence during my period of office but had grown up over the years.

At page 55 of its report the Fauteux committee said:

> That this legislation was never designed to meet the complex problems of modern corrections, is quite apparent from the difficulties that are encountered in its administration under present day conditions.

The committee felt that in spite of the complexity of the problems of the present Ticket of Leave Act, it had been well administered; in fact, so well that the committee was surprised that such splendid results had been achieved.

Hon. Mr. Choquette: May I ask a question of the honourable gentleman? As I remember, under the present act a commission travels to, for instance, Toronto or Montreal, to study cases and hear evidence on applications, for ticket of leave. Does the new bill provide that such a commission should travel to the ten provinces and hear such applications?

Hon. Mr. Macdonald: Under the present Ticket of Leave Act officials of the Remission Service travel from institution to institution at certain times. At most of the institutions there are officials who interview inmates and report on them. But prior to reports being made, officials in each institution arrange that inmates be interviewed and advised as to their making application for ticket of leave, and the progress which the inmates have made in the institution is also discussed at that time. For instance, a prisoner may be taking a course in mechanics, stenography or some special form of training. He is in touch with someone in the institution who is watching his progress, and at the appropriate time that official reports to a higher authority in the institution, in many cases to the warden. The report of the warden then comes to Mr. MacLeod's branch at Ottawa, and he or his officials may feel it would be advisable for someone from that branch to visit the institution and interview the inmate personally. That may be done.

So, under the present act the members of the commission or their representatives are free to move about from institution to institution and obtain information by the method which was mentioned.

Hon. Mr. Monette: And go anywhere in Canada.

Hon. Mr. Macdonald: Anywhere in Canada.

Hon. Mr. Méthot: Is it possible that a man may be granted a ticket of leave without even entering prison?

Hon. Mr. Macdonald: That would come under the heading of probation. A man who was found guilty by a magistrate might not be sent to prison but put on probation for a period of time. Parole takes effect when a man who has been sentenced to an institution is released before his term has expired because it is felt he can regain his place in society and live properly with his fellowmen.

Hon. Mr. Méthot: But a man could be paroled the day after he was sentenced?

Hon. Mr. Macdonald: It is possible to be paroled after one day of sentence, but that is not likely to happen. That probably would come under the heading of clemency, in such special circumstances as where a man, or his wife, was ill.

Hon. Mr. Monette: Does section 6 of the bill throw any light on that point?

Hon. Mr. Macdonald: Section 6 (1) reads:

6. (1) The board shall at the times prescribed by the regulations

(a) review the case of every inmate serving a sentence of imprisonment of two years or more, whether or not an application has been made by or on behalf of the inmate, and

(b) review such cases of inmates serving a sentence of imprisonment of less than two years as are prescribed by the regulations, upon application by or on behalf of the inmate.

Hon. Mr. Monette: So it could be done at any time?

Hon. Mr. Macdonald: It could be done at any time, but it is not likely to take place before the half-way mark in the prison term.

The bill requires that the board shall review the case of every convicted person serving a prison sentence of two years or more, and this must be done whether or not an application for parole has been made. Well, honourable senators, I may say that the practice through the years has been that the case of every inmate of our penal institutions has been reviewed within a reasonable length of time. There was no law requiring the Solicitor General to review the cases, but in practice that was done, and all the inmates of the institutions knew of their right to make application for parole. I should think it would be a very rare case where an inmate did not know that he could make such an application.

The proposed legislation makes no great changes. It provides that applications for ticket of leave be made to the proposed National Parole Board instead of to the Solicitor General. There is, I think, considerable advantage in this procedure, and I am in full accord with it. I am sure the public will be more satisfied to have applications made to such a board than to a member of the cabinet. I wonder whether the board will be able to act as speedily as a single individual can. It will sit at certain stated periods. Under the Ticket of Leave Act if an application is made today in an urgent case, the investigation can be put under way tomorrow and a report received in a matter of two or three days. It is not necessary to assemble a commission: the Director of the Remission Service, upon receipt of the report, would immediately get in touch with the Solicitor General, discuss the case with him, and the application would be granted, or not. Under the new section speed may be sacrificed, for, as I have mentioned, the present system provides facilities for getting information rapidly, coming to a conclusion, and making an order, without the necessity of assembling a board to deal with the case.

Perhaps I should point out that there is a change in the law as it affects those who break the provisions under which they are released. Under the present act, if the Remissions Branch had information that a parolee was acting in a manner from which it appeared that he might be about to break the

law—if, for example, he was mixing with an undesirable class, or otherwise was not living up to the conditions of his ticket of leave—the branch could take one of two courses: it could do nothing about it, or, if it decided to act, instructions would have to be given to take the man into custody and return him to the institution from which he had been released. Sometimes the information given to the department was incorrect and a man was taken back to the institution although he should not have been returned there: in that event he would be released. By section 12, subsection 2, of the present bill it is provided that, upon receipt of reports that a paroled man is not acting in the way he should do, and it is suspected that he has committed a crime or is about to commit one, he can be taken immediately into custody. In that event he is not returned to the institution from which he was freed, but is put in the local jail, brought before the magistrate, and held pending investigation by the board. If it is determined upon full investigation that the parole should be revoked, the necessary order is made and the man is returned to the institution from which he was released. This, I think, is about the only respect in which the bill differs from the Ticket of Leave Act, under which all the powers now to be entrusted to a board were vested in the person who administered the act. Of course the Ticket of Leave Act could have been amended to include this provision. However, I would repeat that I am fully in accord with the recommendation of the Fauteux report that a parole board should be set up.

Yesterday the honourable senator from Kennebec (Hon. Mr. Vaillancourt) asked whether the board will have power to make a recommendation in a capital case. The answer is that it will not. Clemency in this respect is a prerogative of the Crown, which accepts the recommendation made, after discussion with his cabinet colleagues, by the Solicitor General. The provisions of the law with regard to commutation of sentence in capital cases will remain, as hitherto, a prerogative of the Crown, and the Crown will act on advice of the Council. The board has no power to pardon; the Solicitor General will remain responsible for recommendations to His Excellency that pardons be granted. He can also recommend remissions of fines and other pecuniary penalties. If I may interrupt myself, I will add that it is in capital cases only that the minister who administers the Ticket of Leave Act consults with his cabinet colleagues before the recommendation is made: it is the Governor who acts. In respect of other offences the recommendations are made by the Solicitor General; they include the remission of fines and other pecuniary penalties, also the return of goods which have been forfeited. Cases arise where a man who is sent to the penitentiary should be removed to hospital, or because, say, of the death of a close relative, should be released for a short time to attend the funeral service. In such cases the recommendation will not be a function of the board, but will remain with the Solicitor General. Other examples include the remission of sentences of imprisonment on compassionate grounds. In answer to the question asked a minute ago by the honourable senator for Mille Isles (Hon. Mr. Monette), where a man has been in prison for a very short time and holds that, under the circumstances, he should be released immediately, his application will go to the Solicitor General, not to the board.

That is all I have to say, except that, as one connected with the former administration, I want to pay tribute to the organizations which have taken such an interest in the welfare of offenders after they have been released from institutions. Not only are there a number of such organizations, but there are quite a few individuals who are interested in this matter. I have often felt that it would be much easier for those who have been in institutions, if, upon their release, they could be received into society without the stigma which attaches to their having been in prison. Many of them have a very difficult task to re-establish themselves. As soon as they apply for a job someone will inform the prospective employer, and even before the man is hired, or shortly afterward, his record will become known.

Hon. Mr. Choquette: Do the Mounted Police not give that information?

Hon. Mr. Macdonald: They do not inform the employer.

Hon. Mr. Choquette: Often they do.

Hon. Mr. Macdonald: I should not think they would inform the employer.

Hon. Mr. Choquette: If the employer asks the Mounted Police?

Hon. Mr. Macdonald: Oh, yes.

Hon. Mr. Choquette: But is there no provision made to prevent that after, let us say, three or four years?

Hon. Mr. Macdonald: There is no provision for it. What happens is that sometimes a man who has been out of an institution for some period, let us say four years, and has led a good home life and conducted himself well in society, will apply for a job. Then someone comes along and informs the prospective employer that the man has been in

a penal institution and it becomes difficult for the man to get employment. This is so particularly when a man applies for a job immediately after he is released. When a man has been released from an institution, where he has received some training, he should be given a chance to get employment and be treated as an ordinary citizen. I am not suggesting that in every case such persons should be taken into our homes, but I do say they should not be reminded of their prison sentence every time they apply for a job. How can a man ever get a job under those circumstances?

Hon. Mr. McDonald: Isn't that situation improving?

Hon. Mr. Macdonald: I think it has been improving, but I hope that it will improve even more.

Hon. Mr. McDonald: The John Howard Society has been helping to rehabilitate these people.

Hon. Mr. Macdonald: Yes. I was going to mention that organization. But I am talking about people, individuals like ourselves, who can do a small part to re-establish these men who have broken the laws of our society but who are now prepared to return and behave themselves in that society. They have paid their penalty, and if we were to take a sympathetic view towards these persons they would have a far better chance of becoming re-established. I should point out that the Remission Service has representatives throughout Canada who give counsel to those who are released from prison. In most cases they report periodically to the Remission Service representative during their period of parole, and sometimes they continue to report after their parole has ceased. The departmental representatives located in these centres across Canada try to obtain employment for ex-prisoners and keep them in the straight and narrow path. There are also a number of public-minded organizations which do a great deal to help rehabilitate their fellow citizens and I would like to pay tribute to them now. The honourable gentleman from Kings (Hon. Mr. McDonald) mentioned the John Howard Society, which has branches throughout Canada. The Salvation Army also has done and is continuing to do a splendid work in this connection. There are two such societies in the province of Quebec: La Société d'Orientation et de Réhabilitation Sociale in Montreal, and the Service de Réadaptation Sociale Inc. in Quebec. These societies also are doing a splendid work.

Hon. Mr. Croll: There is the Elizabeth Fry Society.

Hon. Mr. Macdonald: Yes. I did not intend to refer to all these societies, but there are other societies which are also rendering this splendid service.

Honourable senators, I feel that the introduction of this bill is a step forward in the rehabilitation of those who are in our penal institutions. It will result in more satisfaction in the way that applications for parole are granted although, as I said before, I am sure that in actual fact the results cannot be any better than they have been. However, I feel it is in the public interest that this bill should be passed.

Hon. David A. Croll: Honourable senators, this is the second bill having to do with penitentiaries that has come before the Senate during the present session. I was in the house earlier when the honourable gentleman from Shawinigan (Hon. Mr. Méthot) explained a bill to amend the Penitentiary Act. I had intended to speak on that measure, but the amendment was of little significance and I knew that this bill to provide for the conditional liberation of persons undergoing sentences of imprisonment—known by the short title of the Parole Bill—was to be introduced in the other house later in the session. Thus I chose to wait and speak to this bill.

This legislation is of importance not only to people undergoing sentences of imprisonment but to Canadians generally. I intend this afternoon to put a bit of meat on the bare bones of the Parole Board and to examine a little into the cause and effect of the problem and what we are doing about it.

Honourable senators will recall that this house held a notable discussion on penal reform during the sessions of 1956 and 1957. We had before us the then recently published Fauteux report, containing some 44 recommendations. I believe this bill is based on one of the really significant recommendations in that report. Any time we make some reformation that affects prisoners it is important, it cannot be insignificant. I believe about a dozen senators contributed to that debate on penal reform and as a result of our discussions some reforms have been brought about. We are favoured in the Senate by time and continuity. My plea is that more senators should take an interest in this important and sometimes negelected aspect of human affairs. Prisoners are helpless people and they are worthy of salvage. Unlike the other place there is really no payoff here, but those of us who have followed the course of penal reform for some years will realize the personal satisfaction of being able to do something for these people. We have heard the honourable Leader of the Opposition

(Hon. Mr. Macdonald) this afternoon indicate with pride what he did when he was Solicitor General. He deserves the commendation which I hope to pay him as I go along in this discussion.

In this phase of public responsibility, certainly we can say to one another, "You are your brother's keeper." What the people behind the bars need is a kind, sympathetic and understanding approach, in order that they may pay their debt to society and again be accepted by society.

Honourable senators, I cannot do better than to quote some words to you, but for the moment I shall not say who uttered them:

> The mood and temper of the public with regard to the treatment of crime and criminals is one of the most unfailing tests of the civilization of any country.
>
> A calm, dispassionate recognition of the rights of the accused, and even of the convicted criminal —a desire and an eagerness to rehabilitate in the world of industry those who have paid their due in the hard coinage of punishment; tireless efforts toward the discovery of curative processes; unfailing faith that there is treasure, if we can only find it, in the heart of every man—these are the symbols which, in the treatment of crime and the criminal, mark and measure the stored-up strength of a nation.

Those are Churchillian words. They were spoken by Churchill in the House of Commons at Westminster in 1910. It can easily be appreciated that we really have not made too much progress; the problem was there at that time. I think we have failed—and this is a collective failure—to realize that prisoners are people with the same emotions and ambitions as any other human beings. The fact that they have broken the law and are incarcerated does not stamp out their desires and ambitions. We do not solve the problem by locking them up, because prison experience usually brings out the worst in a man and leaves a permanent scar on his personality. In our country, unfortunately, most prisons are maximum security institutions, and they cannot perform miracles. Ninety-nine per cent of the people who go to prison return to the community, so it is important for us to salvage and restore hope and confidence to these people.

Let me give some interesting figures, which I took from the annual report of the Commissioner of Penitentiaries. The prison population in 1956 was 5,508; in 1957 it was 5,433. That is a decrease of 130, some of the decrease applying to Saskatchewan and Manitoba, and to St. Vincent de Paul and Dorchester. That is very significant. Of that total of 5,433 inmates, 1,075 had no previous record. The first offenders were 19.78 per cent of that total. In 1956 first offenders were 20.58 per cent; in 1955, 22.4 per cent, and in 1954, 22.9 per cent. Thus we have made a little progress in that respect.

General recidivism, which includes all previous known offences, is 80.22 per cent. In 1956 it was 79.41 per cent; in 1955, 77.6 per cent. The percentage has gone up a little.

Penitentiaries recidivists, in 1957, were 44.87 per cent, being an increase of .92 per cent over 1956; in 1955, 42.5 per cent, and in 1954, 38 per cent. That is not a good sign.

I think the house will be interested in knowing who goes to prison. Well, I gave a prison population of 5,433 for 1957. Of these, 5,123 were Canadian subjects. Of the balance of 310—99 were born in the British Isles or a British country; and the remaining 211 were foreign born: United States, 68; Poland, 31; Russia, 18; Italy 13; Hungary, 13.

In 1939 there was a population of 474 foreign-born inmates in the penitentiaries, as against 211 in 1957, the last year for which I have figures. The departmental report had something to say about the nationality of inmates, and I will now read from that report:

> The Immigration Department announced up to May 31, 1957, Canada accepted over 1,500,000 immigrants since January 1, 1946. There is at the present time in our country one foreign born person for every 15 subjects. The present number of foreign born inmates (211) appears to be an indication of the good conduct of these people who came to reside in Canada and also that they appreciate such a privilege at its real value.

It was very nice of the department to make that comment. I think it is a matter of concern, importance and pride.

I turn now to young inmates. Young inmates under 21 years of age showed an increase in 1957 of 34 over that of 1956. The percentage in 1957 stood at 12.94; in 1956, at 12.14, a slight increase. A great deal of danger lies there.

Releases are made for various reasons. During 1957, 2,384 inmates were released, made up as follows: 1,663 by expiration of sentences, 637 by ticket of leave, 47 by unconditional release, 9 by court order, 20 died, 8 discharged for other reasons.

The report for 1956 is somewhat different, and I must bring it to the attention of the house. According to the 1956 report 2,406 inmates were discharged, 1,572 by expiration of sentences, 723 by ticket of leave, 70 by unconditional release, 14 by court order, 17 died, 10 were discharged for other reasons. The report for 1956 then it goes on to say, at the top of page 17:

> It is noted with great satisfaction that the new policy of the Remission Service in extending the facilities of the Ticket of Leave Act is bringing results. Far more inmates were discharged this year by way of ticket of leave than has been the case heretofore.

The new policy is described in the 1954 report.

In 1956 we released 723 by ticket of leave, and particular attention was called by the department to that significant trend. But in 1957 we released only 637 by ticket of leave.

While I am talking about ticket of leave may I say this: the Leader of the Opposition (Hon. Mr. Macdonald) was Solicitor General in 1956. He had a broad understanding of prison reform, a deep interest in it, he was generous and helpful, and these very large numbers of releases were made during his regime.

It is unfortunate that in the 1957 report no comment was made on the lesser number of releases under ticket of leave, but it may be that this bill will now have the effect that we all want it to have, that is, they will take a broad look at this country and lay down broad policies which will have the effect of putting people back into circulation and giving them that opportunity for rehabilitation that has been denied them in the past.

In so far as creeds are concerned, the prisons represent all of us, some more so.

Honourable senators, it has just been pointed out to me I should make clear that what I was talking about was ticket of leave from penitentiaries. I was reading from the Annual Report of Penitentiaries. There is, of course, ticket of leave from some other institutions, but I am not dealing with that at the present time.

The Fauteux report I recommend very highly to you. If you ever see my copy you will see it all marked up. I find it intriguing reading. Whenever I am a little tired or looking for one of these dime novels to read I find that I can read and reread this report, and it is very easy reading. When it was presented it was a challenge to the people of Canada to scale new heights, for if we did everything that Mr. Justice Fauteux and his commission recommend we would be well on our way to a real penal system that would not penalize but that would rehabilitate. That will take some time, we do not expect it to be put into effect over night. A challenge lies in that report, because 44 recommendations were made there and every one of them is significant.

No one can deny that our penal system is backward. It has already been admitted here that our parole system has been neglected and is one of the most backward in the whole world. That is why we have constantly urged not only this Government but the previous Government time and time again to put these recommendations into effect. If you think I am hard on this Government for failure to implement the Fauteux report you should read some of the things I said about the other Government, which did not put into effect the Archambault report, which was a more significant document in its day. It may interest honourable senators to know that prisoners are allowed to read the Fauteux report but they are still not allowed to read the Archambault report, because it goes even further in many respects than the Fauteux report does.

Of course, the outstanding recommendation in the Fauteux report was the replacement of the part-time Regional Parole Boards by a full-time five-man board with exclusive jurisdiction over all prisoners, no matter where they were sentenced. The automatic review of all records of prisoners is already in force in all other progressive countries and now it is coming into effect in Canada for the first time.

The Fauteux Committee said that in their opinion prisoners should be eligible for parole at any time without having to go through an application centre at Ottawa or any other place. It is very interesting to know that out of every 1,000 people released on parole in Ontario, the only province for which I have statistics, only 45 were returned to prison. You can see in this the saving in lives and money.

Our antiquated penal system cries out for attention. We come here today and freely admit that the Ticket of Leave Act has not been changed much since 1899. A new world has come about since then and we have been left holding on to that Ticket of Leave Act. I know in practice it has been modified by people in office who have used their heads, but actually we have done very little about it. So it is not surprising that I can give you some figures that will startle you but are true.

We have in Canada a population of 17 million and a jail population of 120,000. The British have a population of 43 million and they have 33,000 in their jails. There are almost three times as many people in Britain as in Canada yet we have four times as many people in jail. Furthermore, the repeaters in Britain amount to only 15 per cent, whereas the repeaters in Canada are almost 60 per cent.

Of course, we are plagued by dual jurisdiction in this country and instead of doing something about prisons and prisoners we are engaged in passing the buck from the province to the dominion and from the dominion to the province. In the meantime we are manufacturing criminals in our institutions. The former Government pigeonholed the Archambault report. It came in 1939 and there was a war, and so there was some justification. A little bit after the war

it was difficult to get anything done about it, there were many pressing problems. We have got to make sure that this Fauteux Report does not suffer the same fate. It is really very easy to understand, and there is only one principle in the modern penal system, "keep as many offenders as possible out of prison".

I think it is fair for me to say it without casting any reflection, that the present prison administration has not had the confidence or respect of civilians and certainly not of inmates.

The report of the Fauteux Committee was uncritical; it was very careful to indicate the road we should take.

Prisons, like schools, cannot be better than the public opinion on which they rest. Far too many people in our country want to step on a prisoner and make him suffer; they, so to speak, want to get back at him for what he has done to society. I need only remind honourable senators of the Biblical statement, "The way of the transgressor is hard."

It is well for us to understand that many prisoners are emotionally troubled persons, who need the help of society to become emotionally mature and self-respecting citizens. A bitter and vindictive attitude to prisoners is a luxury the public cannot afford; we with our small population in this small country can least afford it. It costs money when a prisoner enters prison. If he commits further crimes, it means more cost to the citizens. The Archambault Commission report of 1938 stated that 80 prisoners cost the country over $25,000 each for apprehension, trial and detention, and the cases were documented.

We have to reduce our prison population; among civilized people, of how to treat the criminal. Retributive justice, an eye for an eye and a tooth for a tooth, has long been rejected as unworthy of a civilized state. Today's objective is threefold: first, to prevent criminals from being a menace to their fellow citizens; second, to train them in such a way that others may not follow their example; and third, to do them good, not harm, by checking their career of crime at the outset and seeking remedies for those already steeped in it.

After conviction our aim should be rehabilitation. The starting point must be that the offender is a human being, who has been controlled and guided by officials who themselves are human beings, trained, experienced and inspired by the sympathy which comes from a sense of vocation.

The United Nations has made a study of penology and this is its recommendation: that prisoners should be taught trades, set to work, and paid a rate comparable to a normal industrial wage so that they could pay for their keep in prison, maintain their families, meet their social insurance payments and save something for the day of discharge—yes, and pay some compensation to their victims.

Thus, from prisons as a place of punishment, we must start with a new concept. The new conception of them must be as places where offenders may be trained to have decent lives and to think of themselves as citizens; places where offenders can work out their own personal redemption by paying their debt to society. To meet such a concept we need more and better prison buildings, more and better men in the prison service, and men who can put their heart into their work. We also need to know more, and to pass on our experimental knowledge to jurisdictions whose function it is to sentence offenders, and to the executive which deals with them after conviction.

We have always maintained that the United Kingdom is a good example in this field, and it is. There they have part-time prisons for young people under the age of 21 years who have committed offences but have not yet become hardened criminals. The theory is that a taste of prison life will be enough to straighten out these young people who are high spirited rather than criminal Thus, they aim to salvage the offender rather than harden him in criminal tendencies, and in this respect they have succeeded.

Sweden follows the practice by which selected prisoners near the end of their terms are transferred from full-time to part-time prisons. They work at regular day jobs through the day and return at a specified hour each evening. By the time they are released many are adjusted to ordinary life in a way that would be difficult without preparation. Here are two approaches, each different, yet seeking to lessen the number of people who grow from first offenders to hardened criminals.

British Columbia is doing some very interesting experimental work by way of giving freedom in easy steps over the last month of a prisoner's term. I have here an interesting clipping from the Ottawa *Citizen* of October 21, 1957, which tells about one phase of an interesting experiment. The article reads, in part:

> Each day the man was allowed outside the prison under token surveillance. Each night he returned to his cell.
>
> At first he toured the city with the penitentiary messenger in an unmarked car. He was given a suit of civilian clothes.
>
> For three days he wouldn't get out of the car. "Everybody was looking at me—that's the feeling you always get leaving prison," he said.

Isn't that enough to tear the heart out of people who appreciate the plight of this prisoner, being fed into society slowly, but who is afraid to get out of his car because everybody is looking at him? The clipping continues:

> Gradually he overcame his discomfort in public. Day jobs were arranged for him to let him earn some extra money. He got on well with his fellow workers, who didn't know he was a prisoner. After a month he was released.

There is a place about 15 miles from Kingston called Joyceville, which was built in part by a group of selected prisoners. They were sent there to help build it, and while it was being built there were no cells, no stone walls, no bars on the windows and no armed guards. These men worked eight hours a day, five days a week, and the rest of the time was their own. They could meet visitors and act as human beings, yet no one ran away. But when the prison was built, back they went to close confinement, behind bars again. Why? Because we don't believe in open prisons. The only time we think of prison reform is when we read of some horror or catastrophe, such as a prison riot. We had one on our hands last weekend but I do not intend to discuss that here now.

If we are to consider in the abstract what would be the best instrument in straightening out the crooked lives and minds of the endless varieties of human failures who pass through our criminal courts, it is unlikely that the prison would strike us as the right answer. On the other hand, I must admit that no one has been able to find a practical alternative to the prison. So we sit about, waiting for someone somehow to do something radical about it. The result is that very little is done.

We have to reduce our prison population; we must send fewer people to prison, and we must persuade those who are released not to come back. In a nutshell, we must find the answer to the question of how to turn bitter and resentful men into better citizens.

The honourable senator from Mille Isles (Hon. Mr. Monette) asked a question today about probation. I have here a long definition which, I think, is worth inserting in the record:

> Probation . . . is a form of correctional treatment deliberately chosen by the court because there is reason to believe that this method will protect the interests of society while meeting, at the same time, the needs of the offender. Probation permits the offender to lead a normal life in the community and enables him to avoid the inevitably disturbing effects of imprisonment. It makes it possible for him to continue his normal associations and activities while he receives the constructive assistance and guidance of a trained probation officer.

We have far too long ignored this approach, and it can give us no comfort to know that in Britain ten times more people were given another chance under the probation system than in Canada. That of course does not prove that Canadians are ten times more criminally minded. There are still some provinces in Canada without a probation system. One of the appealing aspects about probation is the tremendous saving effected to the taxpayer. It costs us $1,760 a year to lock up a prisoner in a penitentiary. To keep an eye on him through probation would cost no more than $50 a year, because a probation officer can look after a dozen or two dozen offenders. Punishment to meet the crime, without regard to any other factor, is detrimental to the community and to the prisoner, and it is unjust and outmoded. That has been proved in other countries. No country can fully protect itself from its penal system unless and until the majority of criminals have been reclaimed as useful citizens.

Magistrates and judges have sent men and women to long terms behind bars without knowing anything about their backgrounds. In some instances no effort has been made to secure pre-sentence reports or to use them if they were obtained. It should be obligatory for courts to obtain and consider pre-sentence reports, and the Fauteux report so recommends. Certainly that should be so for young offenders and for those who face a term of two years or more. A court that imposes a sentence without any knowledge of the background or motivation of the offender may well impede his progress towards reform. Ontario, with 150 probation officers, as compared with only 17 in 1952, leads the field, in reclaiming individuals who might otherwise be turned into hardened criminals. In 1956, 3,960 adults and 1,938 juveniles were placed on probation for offences ranging from petty theft and auto stealing to robbery with violence. Eighty per cent of these people never got into trouble again. It is estimated that the total earnings of probationers in Ontario last year were $12 million, and they were able to make restitution of $76,000 for stolen property. The social gains were equally impressive. Heads of families were spared the disgrace of going to jail and were able to support their wives and children in decent fashion.

Probation is particularly effective and useful with women offenders. Once a woman has served a prison term, the road to rehabilitation is much harder for her than for a man.

In 1958, 6,981 persons were put on probation in Ontario. If they had been sent up for even a short term the expense to the public would have been in the neighbourhood of $5 million. The cost of looking after them out of jail for

a whole year was about $400,000. There are in Ontario now not only provincially-appointed probation officers, but similar officials in some of the municipalities.

The honourable senator from Mille Isles and the honourable Leader of the Opposition have read the definition of "parole" in the Archambault report, so I will not quote it.

I have indicated that our parole system slipped last year, after some progress. That is disappointing. We are now at the point of taking a long forward step. It is long overdue. Once we pass this bill we must not forget it. When we assemble next year we must be on our toes to find out what has been done, by obtaining a report as to what further progress has been made to implement the recommendations of the Fauteux Committee.

I have indicated, clearly, I believe, what is in the minds of the public, and I can tell you that they consider parole boards are tough and unsympathetic. But it is of record that, of 1,000 persons released on parole, only 45 return to prison. That indicates that the majority of prisoners learn their lesson and are prepared to go straight if they have a chance.

In conclusion, may I repeat that the bill before us is a commendable forward step on the road to prison reform and rehabilitation. I am very happy to support it.

Hon. Mr. Monette: Honourable senators,—

Hon. Mr. Macdonald: Honourable senators, before the honourable senator from Mille Isles (Hon. Mr. Monette) closes the debate, may I refer to a question which was asked of me by the honourable senator from Ottawa East (Hon. Mr. Choquette)? He referred to the parole boards which visit institutions throughout the provinces. That type of parole board functions under the provincial Legislatures and has jurisdiction over persons sentenced to an indefinite period of confinement. The honourable senator will recall that quite frequently a man is sentenced to, say, a year definite and six months indefinite. The provincial parole boards deal with the indefinite period.

Hon. Gustave Monette: Honourable senators,—

The Hon. the Speaker: Honourable senators, if the honourable gentleman from Mille Isles (Hon. Mr. Monette) speaks now his remarks will have the effect of closing the debate.

Hon. Mr. Monette: I just want to thank the honourable Leader of the Opposition (Hon. Mr. Macdonald) for his splendid contribution to the study of this bill. In moving the second reading of the bill I purposely refrained from referring to his work as Solicitor General, for I knew that he would explain the work the department did during the period of time he was in charge of it. I knew, too, that no one could speak with greater authority and wisdom than he, because of the experience he has had. I was pleased to hear him say that there is no blame being made by anyone here, or implied in the bill itself, with respect to the personnel who have worked in the past under the ticket of leave system. I also have some knowledge of what was done by these people and I commend them for their services. Reference has been made to the chief of the Remission Service, Mr. A. J. MacLeod, and I agree with what has been said about him. May I include in this tribute Mr. MacLeod's immediate predecessor, Mr. Michael Francis Gallagher, who was appointed to that position on his return from attending the signing of the Treaty of Versailles and occupied the position until his health began to fail. That was not long ago, when Mr. Gallagher was close to 70 years of age. I knew him very well and I learned from him of the difficulties encountered by himself and the members of his department, about whom he always spoke so highly.

The honourable Leader of the Opposition made reference to my remark to the effect that pressure is liable to be put on a minister of the Crown as distinct from a semi-judicial body. I agree that the learned leader might never have been subjected to such pressure, for I know that his stature and honesty are such that evil would not come close to him. However, in justification of the opinion I expressed in my speech, I will read a paragraph from the Fauteux report:

> We are firmly of the opinion that the parole authority for Canada should be a quasi judicial body rather than as is presently the case, a minister of the Crown acting in an exclusively administrative capacity. The parole authority, we believe, should not be one that is liable to be subjected to the external and internal pressures which are, inevitably, brought to bear on ministers of the Crown. We have no reason to believe that such pressures exert any influence in connection with the granting of tickets of leave at the present time. However, we do believe that it is in the best interests of Canada that the parole authority should, at all times, be in a position to say that its judgments can only be based on the merits of the particular case and that it is not open, in any way, to influence by extraneous considerations.

Those were guarded and respectful words, with which I agree. I said that it is better that the authority and discretion to grant parole should be in the hands of a semi-judicial body than in the hands of a minister, and in saying that I only have in mind that ministers are in public life and politics and are likely to be bothered by people who think they should make this or that representation,

which may sometimes be for the benefit of a prisoner who does not deserve it.

I also wish to congratulate the honourable gentleman from Toronto-Spadina (Hon. Mr. Croll) upon the interest he always brings into a discussion, especially when there is some aspect of social welfare to be dealt with, and, while they may not be directly connected with a bill under study, his remarks are always very interesting.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Monette: Honourable senators, it would appear that we have discussed the bill in detail, and I would move that it be now read the third time.

Hon. Mr. Macdonald: Agreed.

Motion agreed to and bill read third time and passed.

EMERGENCY GOLD MINING ASSISTANCE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill C-53, to amend the Emergency Gold Mining Assistance Act.

He said: Honourable senators, my explanation of this measure will be brief, for the bill consists of only one or two paragraphs. The purpose of the bill is to extend the relief and assistance provided under the act to the years 1959 and 1960. It goes further and provides for a 25 per cent increase in the amount of assistance for the years 1958, 1959 and 1960. This legislation was forecast in the budget speech.

Since World War II our northern communities, which depend on the gold mining industry to a great extent, have been having a difficult time of it. In 1941 the production of gold in Canada reached an all-time high of 5.4 million ounces, but by 1945 production had declined to 2.7 million ounces. This was because we were at war and all labour and supplies were diverted to the war effort. As a result, labour in these northern areas where the gold was principally produced was at a low point and production fell rapidly. However, from 1946 to 1950 there was some recovery, but in the meantime the price of gold in Canadian dollars dropped from $38.50 per ounce to $35 per ounce. Consequently, the northern communities were adversely affected; many mines had to close down and others carried on their operations at a considerable loss.

The original Emergency Gold Mining Assistance Act was passed in 1948. It might be of interest to honourable senators to know that no assistance is given under the act unless the average cost of producing one ounce of gold exceeds $26.50; and only mines with a gold production of 70 per cent of the total production of the mine are able to get any assistance. Assistance given to any one mine applies to only two-thirds of the number of ounces of gold it produces. The assistance payment is arrived at by multiplying the number of ounces eligible for assistance by two-thirds of the amount by which the average cost of producing an ounce exceeds $26.50.

The increase of 25 per cent applies from January 1, 1958 and extends to the end of the year 1960, and the period of the application of the act is extended to the years 1959 and 1960. Final figures for 1957 are not yet available. In 1955 the sum of $8.9 million was paid out under this act by way of assistance. In 1956 the figure was $8.7 million. For 1958 it is estimated that the amount required will be approximately $12 million.

Honourable senators may also be interested to know that the total amount paid out under this act during the past ten years by way of assistance to the gold mining industry is $108.8 million. If the act is not extended past the end of 1958 it is estimated that 20 gold mines will have to close down in due course, and these mines would no doubt remain closed permanently. Many other mines would also be adversely affected. In my opinion, this would be most detrimental to those northern communities that I have previously mentioned, which depend almost entirely upon the production of gold.

Honourable senators, that is a brief explanation of the bill.

Hon. A. Neil McLean: Honourable senators, I shall be glad to support the bill; it is very good as far as it goes.

I wish to make a few comments on the Canadian gold mining industry. I am not personally interested in gold mining but I know the function that gold fulfils in the world markets. I think we should find a better way to support the gold mining industry than by means of this bill. No gold mines of any consequence have been opened up in Canada since World War II, nor under present circumstances do I think there will be. Gold is about the only important commodity selling at pre-war prices that I know of, while mining costs have gone up at least 50 per cent. The United States price is dependent on the discount on the American dollar, which is continually going up and down. That is not very good for stability so

far as the selling of gold is concerned. When I speak of the price of gold, I mean domestic gold. We have hoarded millions and millions of domestic gold on Wellington street since the last war, paid for with paper money at an uneconomic price. If we are obliged to sell any gold in the world markets we should take our losses when we come to them. In our north country, hardrock miners who go down into the earth are not getting as much per hour as many handy men get in our cities, because the mines are not earning enough to pay more. In my opinion the price of gold is bound to be raised in due course. It is the old story, that you cannot keep building a structure higher and higher unless you go back and strengthen the foundation. Well, if gold is the foundation of our credit system and the nations keep on piling up debts, it is only a question of time until the price of gold will rise. I do not think that will be in the too far distant future, because all free nations realize that on account of the many depressed countries of the world we have to create more credits. If the Government sees its way to put a floor on the price of gold, as it has done on other commodities, ultimately it will get its money back several times over, if the price of gold is raised as it was raised previously.

Hon. Joseph A. Bradette: Honourable members of the Senate, in 1954 and in 1956 I had the honour to present a bill similar to this one, and it was passed unanimously in this assembly.

I want to compliment the Leader of the Government (Hon. Mr. Aseltine) on the way he presented this bill. Not only does he know a lot about wheat but he knows a lot about gold mining, and I certainly compliment him for that.

I am in favour of this new measure, which is really a very simple amendment to the act. The formula that has been applied for approximately the last four years will remain the same, and in calculating assistance the Department of Mines and Technical Surveys will simply add 25 per cent to the payment calculated under the present formula. This is really a substantial increase and I am happy to congratulate the Government upon having decided to amend the act in this way.

I want to deal for a few moments with the gold mining situation. However, I am not going to quote any statistics, because the Leader of the Government in explaining the bill has already given us some statistics which are very revealing.

The increase of the subsidies under the Emergency Gold Mining Assistance Act is undoubtedly well received by the gold mining industry. While it is true that cost aid is not to be considered as a satisfactory substitute for the higher price which many authorities believe they should be paid for gold, and remembering that the yellow metal is still regarded as essential to the economy, the present act is a great factor of stability for that industry in time of continuing stress.

Lately some very strong arguments have been advanced for higher gold prices. There is no doubt that gold mining communities would feel greatly relieved if the price of the yellow metal was set somewhere between $40 and $45 per ounce. This subject of a higher price for gold was the basis of a submission by W. F. Lougheed Associates to the Minister of Finance, the Honourable Donald Fleming, early last May at Ottawa. The report was made on behalf of the Timmins Industrial Commission, an organization that had the wholehearted support of other mining centres of the north for a drastic revision of the gold subsidy.

At this point I want especially to pay special tribute to the *Daily Press* of Timmins, the *Northern News* of Kirkland Lake and the *Financial Times* of Toronto for the way they have campaigned during the last few years in keeping the gold mining problem in front of the Canadian public. It can safely be said that those newspapers have been of great assistance in directing toward the gold mining industry the attention it has received from the Government.

The present method of subsidizing the mines has never been entirely satisfactory. At best, the Emergency Gold Mining Assistance Act, like all Government subsidies, has been a stopgap. The mines and the communities which depend on the operation of the act for their economic existence have never been certain of its duration. Some mines would have gone under long ago without subsidies paid under this act, while others would have carried on with a very thin margin of profit and a very few of the more profitable ones would have been able to carry on.

However, it must be remembered that this act was not brought into force solely for the benefit of the mines. The Government had people in mind—the residents of towns like Timmins, Schumacher, South Porcupine, Kirkland Lake, Rouyn-Noranda, to mention a few gold mining centres in Northern Ontario and Quebec, and leaving out other centres in British Columbia. These, in a word, represent all the gold mining sections of Canada, the residents of which had invested their energies, talents and money in their respective communities. Without the Emergency Gold Mining Assistance Act these places would have suffered, and indirectly the whole of Canada would have suffered too.

A price of $45 Canadian for an ounce of gold would be more in keeping with mining conditions as they are today. Everyone familiar with gold mining knows that this would be a reasonable price, when the prices that are being paid for all other metals are considered. However, honourable senators, there is one flaw in the submission, at least from a Government standpoint. A price of $40 to $45 an ounce would cost the Canadian taxpayers upwards of $20 million per year as against $12.5 million which it is estimated will be the amount paid out under the bill before us. In relation to the federal budget, however, this is a comparatively minor sum. It is not difficult to predict what would happen if the $45 price were adopted. The better-off mines would elect to accept it and forgo cost aid under the Emergency Gold Mining Assistance Act. Even the borderline mines, which require assistance to survive, would certainly take advantage of the new price too.

The International Monetary Fund would continue to control the world price of gold, and that price would continue to be $35 an ounce in United States funds, unless the monetary organization agreed to revise it. Canada would have to accept the lower figure for any international gold transactions, but this fact should be no bar to a more generous domestic price.

The gold mines, which are an integral part of our economy, have been regarded too long as the stepchildren of the nation's industrial life. The Lougheed formula is worth considering. It would place all the gold mines on an independent footing financially and assure a much brighter future to all the gold mining communities of our country. Those who are familiar with the gold mining industry know that nearly 18,000 people are directly employed in exploiting the mines and that it is the main support of more than 80,000 people, who reside in the gold mining communities. Realizing this, one can easily imagine the effect upon the industrial centres of Canada such as Hamilton, Toronto, Montreal, Winnipeg, Vancouver and Victoria if anything were to happen to that industry.

During the last few months there have been quite a lot of stirrings about gold. The glitter of that precious metal is presently dazzling the stock market. For the first time in about a decade promoters are touting, and investors have been buying gold stocks. It would seem that the all-time favourite glamour stock is back in business. But it must be remembered that a flash in the pan does not make a profitable gold mine. Nor does the chatter of tickers nor well-publicized wishful thinking make a sound gold market. That flurry of gold stock speculation might well have been caused by well-timed and well-publicized pressure which started last fall when it was rumoured that the United States Treasury was about to increase the price of gold to $45 an ounce. Some even thought that the price would be set as high as $60 an ounce. In this regard, we all know that the United States is the major market for North American gold producers and in addition is the only nation capable of raising the price of gold.

The fairly strong market for gold stocks was also probably accentuated by the hope that our own Government will increase its gold subsidies to the mines, which hope, at least to some extent, has been fulfilled in this measure now before the Senate and already passed by the House of Commons.

Speculation that the price of gold will be increased is pretty much an annual affair coinciding with the meetings of the International Monetary Fund. But this year, spurred by the United States business recession, talk of an increase in price has been more persistent. It is against this background that the most active market for gold in seven years has developed on the Toronto Stock Exchange. In several cases prices have soared as much as 200 per cent. Fewer than a dozen issues show gains of less than 20 per cent. Most gains range from 30 to 60 per cent. I myself do not know exactly what that implies, even though I reside in the centre of the gold mining section of Northern Ontario. Nevertheless, I feel that such activity has to some degree helped the gold mining industry.

From an investment point of view gold mines which can produce and sell gold on the open market without having to resort to Government assistance offer the best opportunities. If the price of gold is increased they will benefit first and foremost. Companies receiving cost-aid would lose most, if not all, Government assistance if the price were increased and consequently would obtain less benefit. All non-cost-aid mines are dividend payers.

Personally I do not see the possibility of an increase in the price of gold because of the present economic situation in the United States, although I would greatly desire to see this happen. Even in the United States there have been some rumours about activity in gold mining. I have in my hand an article which appeared in the Ottawa *Journal* of August 12, written by an attractive and talented columnist, Dorothy Kilgallen. It reads in part:

> Watch for a huge new gold rush in Canada, with the main activity in the Norpax and Red Lake field of Ontario. The boom was started by rumours that Russia would back all foreign purchases with bullion.

I don't know just what is meant by those words. I know the Red Lake field, but I don't know of any great find there; nor do I know what would be the Russian interest in the purchase of gold.

Asked about the possibility of a change in the 24-year-old price of gold, Britain's Prime Minister Harold Macmillan six weeks ago replied:

> That is one of those questions it is even indecent to ask and still more improper to answer.

Nevertheless, the question is rapidly becoming the No. 1 topic in the world's financial capitals, and gold itself booms as a major new weapon in the trade war between East and West. The economic possibilities produced a speculative fever that is sweeping markets in London, Toronto and New York City, pushing many gold shares to new highs.

Part of the sudden interest is due to the United States recession. With price and production largely stabilized by Governments, gold mining companies always grow more attractive in periods of deflation. But far more intriguing to speculators is the hope that gold will be revalued for the first time since 1934, possibly rising from $35 per ounce to $50 or more. One of the main arguments for the revaluation is that the United States is losing some of its vast hoard of gold in what appears to be a flight from the dollar. In the last five months alone foreign purchases have drained $1.2 billion from United States gold stocks. If the outflow continues at this rate it will top $3.6 billion in 1958, a loss greater than in either 1949 or 1954.

One immediate effect of the drain is that it forced the Federal Reserve to ease bank reserves by $450 million last April to counteract the tightening effect on domestic bank reserves. A much more serious potential effect is on the stability of the United States dollar. The United States has total Treasury stocks of $21.6 billion, about 67 per cent of the free world's supply of monetary gold. Since it needs only $11.4 billion to provide the legal 25 per cent gold backing for the Federal Reserve's notes and liabilities, the United States apparently has a comfortable $10 billion surplus. Actually, this surplus is illusory; foreign governments and individuals increased their holdings of various United States securities callable within one year to a total of $13.7 billion, which leaves the United States with a $3.5 billion "technical deficit".

Most experts scout the possibility of such a run. Foreign governments would demand gold only under conditions of imminent catastrophe. "Much of the outflow", says George Willis, Treasury Director of International Finance, "is due to the normal recovery of Europe." Since 1950 Europe has doubled its gold reserves to $8 billion, with big gains for Belgium, The Netherlands and West Germany.

The Treasury's view of normalcy is open to question. The switch from inflow to outflow coincided not with the "normal recovery of Europe" but with the United States recession. United States exports are down a sharp 25 per cent this year, but imports are holding steady, causing a shift in the balance of trade. Some experts even see the accelerating conversion as a calculated campaign to force the United States into a price boost.

True or not, there is plenty of pressure from all sides. London's *Economist* calls for a 300 per cent hike in the price of gold to bring it in line with other increases, and every miner hopes for a price boost to pay rising costs and improve profits. A more important argument for a higher gold price is that it will help foreign trade. American financial men argue that the world simply does not have enough gold. South Africa's W. J. Busschau, manager of the New Consolidated Gold Fields, Limited, and one of the world's leading gold experts, argues persuasively that while the free-world money supply has increased four-fold since 1938, gold stocks are up only 40 per cent. To make this comparatively small amount finance the growing volume of world trade, says Busschau, the price should be hiked, not just by the United States, but by world agreement so that all currencies would remain the same in relation to one another.

The United States Government is against any such price boost, arguing that the main gainers would be large gold holders—the United States, France, West Germany, Switzerland—while the losers would be the underdeveloped nations of the Middle East and Asia, which have enough trouble as it is earning hard currencies to buy gold.

The greatest gainer of all, no doubt, would be Soviet Russia, with production estimated as high as $600 million annually and gold stocks at $8 billion. Some experts, such as Manhattan's Franz Pick, expect the Reds to turn their gold into an economic weapon by using it to set up a gold-backed foreign trade ruble. A few weeks ago rumours flooded Wall Street that the Russians were up to precisely that. The advantages, said Pick, would be tremendous, since it would give the Russians a "respectable ruble" and make a sensational impression on underdeveloped countries.

Regardless of what the Russians do, the United States dollar is already getting its roughest ride in years. And it looks as if this will continue as long as foreign nations fear that a budget deficit estimated at $11

billion or more next year will bring on new inflation in the United States and inevitably cheapen the dollar.

As a commodity, gold's position is unique in two main ways. The first is that, like any other commodity, it has certain clearly defined industrial uses. But, unlike any other commodity—except, to some extent, silver—it is used as an instrument of national policy, to back currency. The second is that, alone of all commodities, gold has not been allowed to change in value with changing economic conditions. This was well stated by the honourable Leader of the Government a few moments ago and I do not intend to repeat what he said.

There is also a school of thought that has been advocating for quite a long period of time that our federal Government should mint $10 million worth of $5 and $10 gold pieces annually for a period of ten years, that would be bought up by the public for holding purposes, and used as gifts or kept as a kind of security, and to be redeemable at the banks not earlier than ten years after its issuance. I am positive that hundreds of thousands of people would like to possess some of that currency.

It is often stated that there are, for instance in France, great holdings of gold, but this is only relatively true. I have made a study of this subject on some visits I have made to the Old Country. The French people attach a great sense of security to the gold currency that they hold, and I believe they are right in that way of thinking. I am sure that principle would apply to a considerable extent in Canada. I well remember that when Newfoundland entered Confederation I bought $200 worth of the silver dollars minted in Ottawa on that occasion. I have now about $10 worth of that currency in my possession, having given away the balance to people who treasure them as souvenirs.

I thank honourable members for their kind attention, and in conclusion I wish to repeat my congratulations to the honourable Leader of the Government (Hon. Mr. Aseltine) upon the way in which he presented the bill.

Bill read second time.

THIRD READING

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

Hon. Mr. Aseltine: If it is agreeable to the house, I will move the third reading of the bill now. It seems fairly evident that everyone here is in favour of it.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 618)

REPORT OF SPECIAL COMMITTEE ON LAND USE

Wednesday, August 20, 1958

The Special Committee of the Senate on Land Use in Canada make their third report as follows:—

On Thursday, June 12, 1958, the following resolution was adopted by the Senate:—

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the committee be composed of the Honourable Senators Barbour, Basha, Bois, Boucher, Bradette, Cameron, Crerar, Emerson, Gladstone, Golding, Hawkins, Horner, Inman, Leger, Leonard, MacDonald, McDonald, McGrand, Méthot, Molson, Pearson, Power, Smith (Kamloops), Stambaugh, Taylor (Norfolk), Taylor (Westmorland), Turgeon, Vaillancourt, Wall and White.

That the committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time;

That the evidence taken on the subject during the two preceding sessions be referred to the committee.

The procedure adopted by the committee was to call witnesses to give verbal and written reports in their particular field of land use. Since the hearings began in February 1957, 38 witnesses have provided a great deal of information on the scope and problems of land use and in some cases suggestions for a more effective use of land. Those giving evidence were senior officials of federal and provincial governments, farm leaders, technical workers in agriculture, forestry authorities, aerial survey specialists and engineers in land use planning, water use and conservation. A list of these appears in the appendix.

More than three hundred and fifty pages of evidence were recorded and published and in addition much reference material was provided to the Committee by the witnesses.

THE SUBMISSIONS

It is difficult to summarize adequately the material presented at the hearings; however, the essence of the submissions may be stated as follows:

Our Land.—Within the settled areas and those to which it is believed settlement can be extended, the soil has been developed under either a grass or forest cover. The latter is by far the most extensive and covers the whole southern part of Canada except the more arid region of the southern parts of the Prairie provinces, the soil here being developed under a grass cover. The forests consisted of both the deciduous and coniferous species of varying densities, depending upon soil and climate. Likewise, for the same natural reasons, the grass cover varied in species and density.

Determinants of Land Use.—Apart from urban sites for various purposes, in general, agriculture provides a more profitable use of land, than do other uses. But there are many factors which determine the profitability of land in agricultural use. Climate, which determines the kinds of crops that can be grown, location in respect to markets, soil and other physical characteristics are a few of these factors. If, on account of any of these factors, the productivity of an area is so low as to preclude the possibility of establishing a healthy agricultural economy, then for land where the soils were developed under a tree cover, it would seem advisable to leave in forest, or if the trees have been cleared, an effort be made to re-establish the forest and develop an economy based upon the products of the forest. The same is true of the grass lands. Unless these can be more profitably used in cultivated crops, such lands should remain, or be re-established, in permanent grass.

Relation of Land Use to Changing Economic Environment—Utilization of land like other human activities is a continual process of adjustments. The economic environment changes and land which at one time could be farmed at a profit is no longer capable of such use. The reason is not likely to be wholly in the relatively inferior soil compared to other areas, but combined with the location of industries eleswhere, shifting of people, changes in demand and the introduction of new farming techniques which the partially deserted area is not able to readily adopt in order to compete, may account for the emergence of marginal and submarginal farms.

The nature of these adjustments and their incidence vary. To some they create hardships; to others they mean gain. It is believed, however, that national and provincial policies can and should be established which will coordinate and develop the application of measures to lessen the hardships in the adjustments and diminish the losses both human and material.

Problem Areas in Land Use.—Already the committee's attention has been directed to a number of problem areas in land use by representatives of provincial and national organizations who have given evidence. A few of these, common to all provinces, are listed here:

(1) Areas, where on account of an unproductive soil, lack of markets, or absence of non-farm employment, it is impossible to maintain an acceptable living, without continual assistance from outside sources. These conditions create what might be described as rural slums. The remedy may be to assist the occupants to locate elsewhere and the land used in forestry and/or grazing.

(2) Areas where small inefficient farms prevail for which there is a reasonable chance of aiding their occupants to increase their efficiency through facilities not presently available to them, and thus help them to raise their level of living.

(3) Areas of soil erosion and depletion of fertility vary according to the contour and character of the land, and cultural practices. Even in more successful farming areas problems in soil erosion and the depletion of fertility are found. While the direct responsibility for solving these problems is that of the farmer, his circumstances may be such that he cannot adopt effective practices and it may be desirable to provide assistance for him to do so.

(4) Problems in water resources and control are also problems in land use. Drainage may be required to increase productivity, dyking to reduce hazards from flooding; or, on the other hand, structures to impound water to raise water tables, or for storing water to irrigate.

(5) From the time man commences to use these resources for his own betterment and that of mankind, he disturbs the balance of nature and then arise problems of soil erosion, fertility maintenance, flooding and decreased water supplies, and a whole host of others related to land and water use. In too many cases there is a delay in the application of corrective measures until the land becomes noticeably less productive. Such occur even in the better farming areas. It is in the interests of all to assist the users of our land into husbandry practices which maintain its productive capacity.

Co-ordination and Expansion of Further Study and Action.—The evidence indicates considerable work has been done and is underway by various government departments and also by private enterprise in the field of land use and water conservation, both in investigational phases, (soil, land use and economic surveys) and to a lesser extent in action programs. It has also been represented to the committee that the efforts have fallen far short of what is required and moreover there has been some duplication. A plea has been made for a centralized co-ordinating agency to give encouragement and direction in the research into land and water use problems and in action programs designed for their solution.

THE COMMITTEE'S JOB

It is essential that the Committee continues to study a number of phases on the subject of land and water use and related aspects in production, marketing, financing, etc., for the better informed it can become, the sounder the judgment it can render and wiser the decisions it can make. However, the Committee believes the task at hand is to determine:

(1) What problems in land and water use can be most effectively handled in an overall national policy, and,

(2) What form of organization should be established to give leadership to such a national program.

It would seem that the committee's activity should be directed along the following lines: Study achievements of significance in a number of existing systematic programs designed to bring about better land and water use.

Examples are:

(1) Development of soil improvement associations by farmers themselves.

(2) Agency programs in restoring tree cover to non-arable lands.

(3) Agency programs in re-grassing of lands.

(4) Work of River Valley Authorities of Ontario.

(5) Work of Maritimes Marshland Reclamation.

(6) Certain phases of the work of P.F.R.A. in Western Canada.

(7) Land use and conservation Committees of the Western provinces.

Mechanics of Enquiry.—It would appear advisable that at least one achievement in a land and water use project from each province be studied. It may be advisable to study achievements in better land and water use in the United States and other countries, and possibly also the experience where like projects were not so successful. It is suggested that the procedure of such studies be as follows:

That subcommittees be named:

(i) to study an achievement in each province;

(ii) to visit sites of projects, and interview provincial, municipal and local interests responsible for same.

(iii) to prepare reports and with or without personnel responsible for achievements, report to the committee as a whole.

Machinery for National Leadership in Better Land Use.—If as a result of the committee's studies, the committee is encouraged to suggest that machinery be established on a national scale for co-ordinating and assisting in programs designed to bring about better land and water use, the committee should give attention to another phase of the study in land use, and that is the nature and form of the national machinery required. It has been suggested by one of the national organizations appearing before the committee that an act required for such a national undertaking should be framed to be as broad and flexible as possible to ensure the greatest possible co-operation with the provinces in necessary programs.

Flexibility is important so that federal participation in provincial programs may vary according to the manner in which provinces wish to carry on their program and the emphasis they wish to give to the various aspects of the land use program.

RECOMMENDATIONS FOR ACTION OUTSIDE OF THE COMMITTEE

While, at this time, the committee feels it has neither covered the scope of the inquiry on land use requested of it, nor adequately assessed the submissions heard, nevertheless it is prepared to recommend:

(1) That the soil survey being co-operatively carried out by the federal Department of Agriculture, the provincial Departments of Agriculture and the Colleges of Agriculture be speeded up and expanded not only in order to complete the soil mapping of the whole settled area of Canada, but also of the unsettled areas.

(2) That it be called to the attention of the proper authorities the need of a systematic land use survey based upon appropriate factors to provide for an economic classification of the land according to its use suitability.

(3) That the work of various agencies in the study and management of our water resources be expanded,—specifically that relating to drainage and erosion problems, condition of water-tables and of present and likely future requirements.

(4) That more emphasis be given studies which designate requirements respecting farm size, organization and practices according to the physical characteristics of the land and economic conditions which prevail.

All which is respectfully submitted.

Arthur M. Pearson,
Chairman.

List of Witnesses Appearing Before Special Committee on Land Use in Canada

1957, FIRST SESSION

Report No. 1

Dr. A. Leahey, Field Husbandry Division, Experimental Farms Service, Department of Agriculture, Ottawa.

Dean A. M. Shaw, Chairman, Agriculture Prices Support Board, Department of Agriculture, Ottawa.

Report No. 2

Mr. A. Platt, President, Alberta Farmers Union.

Mr. J. A. Cameron, President, Western Canada Reclamation Association.

Mr. S. J. Chagnon, Assistant Deputy Minister, Department of Agriculture, Ottawa.

Report No. 3

Mr. J. B. Lemoine, President, Union Catholique des Cultivateurs, Montreal, P.Q.

Mr. A. M. Taylor, Deputy Minister, Department of Agriculture, Fredericton, N.B.

Dr. W. F. Walsh, Deputy Minister, Department of Agriculture, Halifax, N.S.

Report No. 4

Professor H. J. Spence-Sales, McGill University.

Mr. George Spence, Commissioner, International Joint Commission.

Mr. G. L. MacKenzie, Chief Engineer, P.F.R.A.

Report No. 5

Mr. J. A. Vance, Chairman of the Board, Canadian Forestry Association.

Mr. G. Harold Fisk, President, Canadian Forestry Association.

Mr. J. L. Van Camp, General Manager, Canadian Forestry Association.

Mr. W. A. E. Pepler, Manager, Woodlands Section, Canadian Pulp and Paper Association.

Mr. L. Paquet, Chairman, Executive Committee Canadian Forestry Association.

Mr. E. Porter, Manager, Quebec Forest Industries Association.

Dean J. W. B. Sisam, President, Canadian Institute of Forestry.

Mr. Angus Hills, Chairman, Committee on Soil and Land Use, Canadian Institute of Forestry.

Report No. 6

Mr. H. H. Hannam, President, Canadian Federation of Agriculture.

Dr. E. C. Hope, Economist, Canadian Federation of Agriculture.

Mr. David Kirk, Secretary-Treasurer, Canadian Federation of Agriculture.

Mr. J. A. Garner, Chief, Agricultural Officer, Ontario Department of Agriculture.

Professor N. R. Richards, Department of Soils, Ontario Agricultural College.

Dr. H. L. Patterson, Director Farm Economics Branch, Ontario Department of Agriculture.

Report No. 7

Mr. J. S. McGowan, Director of Colonization and Agriculture, Canadian National Railways.

Mr. J. E. McCannel, Executive Secretary, Agricultural Institute of Canada.

1957, SECOND SESSION

Report No. 1

Mr. William Houde, William Houde Limited, Laprairie, Quebec.

Report No. 2

Professor Donald Baillie, University of Toronto.

Report No. 3

Dr. N. L. Nicholson, Director, Geographical Branch, Department of Mines and Technical Surveys, Ottawa.

1958 SESSION

Report No. 1

Mr. Vernon E. Johnson, President, Canadian International Paper Company.

Mr. F. A. Harrison, Vice-President and Manager, Woodland Division, Canadian International Paper Company.

Mr. D. A. Wilson, Forest Economist, Canadian International Paper Company.

Report No. 2

Mr. Russell L. Hall, Vice-President, Spartan Air Services Limited.

Mr. W. G. E. Brown, Resources Engineering Department, Spartan Air Services Limited.

Report No. 3

Dr. P. O. Ripley, Chief Husbandry Division, Experimental Farms Service, Department of Agriculture, Ottawa.

Dr. K. W. Hill, Head, Field Husbandry Section, Field Husbandry Division, Experimental Farms Service, Department of Agriculture, Ottawa.

Dr. K. F. Nielson, Head, Soil Fertility and Soil Management Section, Field Husbandry Division, Experimental Farms Service, Department of Agriculture, Ottawa.

THE SENATE

Thursday, August 21, 1958

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following reports and documents:

Ordinances of the Northwest Territories assented to on July 18, 1958, as per lists attached in each instance, pursuant to section 15 of the Northwest Territories Act, Chapter 331, R.S. (English text).

The *Canada Gazette*, Part II, Statutory Orders and Regulations, 1958, Consolidated Index and Table of Amendments for the period January 1, 1955, to June 30, 1958. (English text).

The *Canada Gazette*, Part II, Statutory Orders and Regulations, 1958, of Wednesday, August 13, 1958, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. (English and French texts).

Report of the Department of Labour for the fiscal year ended March 31, 1958. (English and French texts).

ADDRESS BY DR. W. KAYE LAMB

INQUIRY—QUESTION OF PRIVILEGE

Hon. Jean-François Pouliot: Honourable senators, I regret very much to have to rise on a question of privilege.

When a senator asks for some information he should have a better answer than "No information" when the information asked for is obtainable. I refer to the answer which was handed to the honourable Leader of the Government (Hon. Mr. Aseltine) with regard to my request for the text of an address delivered by the National Librarian at Edmonton about precisely his own business. I find that the address which he then delivered is much more important to the honourable members of the Senate than the academic speeches delivered in the other house by Mr. Heuss, Mr. Macmillan and Dr. Nkrumah. I know very well that if the honourable Leader of the Government himself had prepared the answer he would have drafted it in a very different manner but it took a bold civil servant to draft the answer, and I presume that it was drafted by the National Librarian himself. I asked for that speech, which it is necessary to have in order to understand the work of the National Library, from which we have received the report of the National Librarian. The answer to my inquiry was this:

Hon. Mr. Aseltine: I have the following answer to the honourable gentleman's inquiry: No information.

As that speech is of the utmost importance, and as a summary of it was carried by the Canadian Press, I must inform my honourable colleagues by reading that summary in French, and it will be translated into English and appear in today's issue of *Hansard*. This is from *La Presse*, Montreal, dated Monday, June 9, 1958. The same news was carried by *L'Action Catholique* and some other papers.

(Translation):

Edmonton, 9. (C.P.) The personages mentioned in Canadian history are but "pale reflections" of what they were in reality, and delay in making the necessary corrections can be laid at the door of administrative bodies which set themselves up as "the protectors" of courts, legislative assemblies and governments.

(Text):

I call attention to that accusation by the National Librarian that "delay in making the necessary corrections can be laid at the door of administrative bodies which set themselves up as 'the protectors' of courts, legislative assemblies and governments".

The article goes on to say:

(Translation):

That is the double-barrelled charge made Saturday before the Conference of Learned Societies now meeting in Edmonton.

It was stated by Mr. W. Kaye Lamb, Curator of the Public Archives, that the majority of Canadians are more familiar with constitutions and treaties than with their authors.

Speaking before the Canadian Historical Association, he emphasized the need for good biographical works. Existing biographies of Canadians "can be counted on the fingers of one hand," he said.

He feels that, in most cases, short 5,000-word biographies would be adequate. Historical works have to be interesting and this is possible only if good publishers are available, added Mr. Lamb.

(Text):

Well, how is it possible for any historian to do a good job, when that gentleman who is the National Librarian is the deputy head of the records committee which destroys a large quantity of official papers?

EXCISE TAX BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-44.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-44) intituled: An Act to amend the Excise Tax Act, have in obedience to the order of reference of August 18, 1958, examined the said bill and now report the same with the following amendment:

Page 3, line 10: strike out line 10 and substitute therefor the following:

"behalf, shall be *prima facie* evidence"

The Hon. the Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Aseltine: I ask that it stand.

Hon. Mr. Hayden: Would the Leader of the Government (Hon. Mr. Aseltine) indicate when he is likely to proceed with consideration of this report?

Hon. Mr. Aseltine: I cannot tell. I may ask to have the report referred back to the committee for further consideration.

Hon. Mr. Hayden: With the leave of the Senate, I assume.

Hon. Mr. Aseltine: Of course.

The Hon. the Speaker: Consideration of the report stands.

ESTATE TAX BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-37.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-37) intituled: "An Act respecting the Taxation of Estates", report as follows:

Your committee recommend that authority be granted for the printing of 1000 copies in English and 200 in French of their proceedings on the said bill.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: With leave, I move that the report be adopted now.

Motion agreed to.

VETERANS INSURANCE BILL

THIRD READING

Hon. George S. White moved the third reading of Bill C-34, to amend the Veterans Insurance Act.

He said: Honourable senators, when this bill was being discussed on second reading the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard) asked me a question, which appears on page 602 of Senate *Hansard*, as to what exactly will be the effect of section 3(2) of the bill after section 10 of the act has been repealed.

Section 16 of the insurance policy issued under this act makes section 10 of the act, which is being repealed, part of the policy. That section provides that on the death of a veteran in receipt of a pension the proceeds of the insurance policy will be subject to a deduction.

The repeal by this bill of section 10 of the act means that on every policy that comes due after this bill becomes law there will be no deduction. However, because there will be coming due from time to time policies issued prior to or up to the date of passage of this bill, and these policies will contain a provision in accordance with section 10, it was necessary to make clear that any such provision in a policy will be of no effect and the beneficiary will receive the full amount of the insurance. The purpose of subsection 2 of section 3 of the bill is to make this clear.

Hon. T. D'Arcy Leonard: Honourable senators, since I raised the question in the house the other day I spoke to the honourable member from Hastings-Frontenac (Hon. Mr. White) and also studied the matter further, and I am satisfied that I understand correctly what the intention of the subsection is. I am in accord with that intention and I am satisfied also that the subsection effectively carries it out. I was a little puzzled by the wording of the subsection, and I still think it might have been improved, but in view of the fact that both the intention and the result are satisfactory I do not intend to debate the matter further.

Motion agreed to and bill read third time and passed.

HOUSING

REPORT OF FINANCE COMMITTEE ADOPTED

The Senate resumed from Monday, August 18, the adjourned debate on the motion of Hon. Mr. Horner for the adoption of the report of the Standing Committee on Finance on the report of Central Mortgage and Housing Corporation for the fiscal year ended December 31, 1957.

Hon. Wishart McL. Robertson: I was anxious, honourable senators, that the debate on the report of the Committee on Finance on the Central Mortgage and Housing Corporation's annual report should not conclude until I had had an opportunity of saying a word of commendation to the Leader of the Government in the Senate (Hon. Mr. Aseltine) who originally facilitated the sending of the report to the Finance Committee. I wished also to pay a word of tribute again to the skill and grace with which our late esteemed colleague, the Chairman of the committee (Hon. Mr. Hawkins) presided over its deliberations.

The honourable senator from Blaine Lake (Hon. Mr. Horner), who moved adoption of the committee's report, the honourable senator from Queens-Shelburne (Hon. Mr. Smith), the honourable junior senator from

Winnipeg (Hon. Mr. Wall) and the honourable senator from Toronto-Spadina (Hon. Mr. Croll) have referred to the report at length and I will not detain the house to any great extent in speaking on it. I had the honour of being a member of the committee and I attended as many sittings as possible, although I was not present during the preparation of the report.

I have read the report carefully, and I think it would commend itself as being a good report. The committee were impressed, as they might well have been, with the work of Central Mortgage and Housing Corporation. They noted the excellent character of the witnesses who came before them, were gratified that all seemed to feel that relations were good between the corporation and the private interests, and they expressed the hope that this situation would continue. They were pleased with the research work of the corporation looking to lower cost of construction and hoped that this work would be continued and extended. They were impressed with the value of co-operative housing and hoped more publicity would be given to its development; they felt that municipalities had not taken full advantage of the possibility for urban re-development; they hoped the corporation would encourage approved lenders to extend greater facilities to remote areas; they felt that, as far as practical, efforts by governmental agencies should be directed to low-cost housing; and while they did not recommend precisely that mortgage insurance be made to apply to existing residential real estate, they hoped that if, as and when that is done, it would apply only to properties in the low-cost category.

It is to the specific subject of the shortage of mortgage funds, the request for loans for the building of university student dormitories, and the request for assistance in the financing of municipal services that I would like to address a few observations.

I heard the representations on behalf of the universities and the municipalities, and I must confess that I was much impressed with them. I felt that a good case was made. I did not have the advantage of being present in the committee when the question of what attitude the committee would take in respect to the requests was discussed, so I do not know what was the overpowering reason which caused the committee to make no recommendation for the assistance of municipalities in certain types of development, or of universities in their need for dormitory facilities. I suspect, however, that, consciously or unconsciously, the members of the committee—particularly those who have been members of the Senate for some years—were of the opinion that the financial obligations which the federal Government has been assuming in recent years should not be added to except where absolutely necessary. Moreover, the hazard is not unlikely that in future it will be increasingly difficult to obtain mortgage funds except at increased interest rates, and it probably was felt that what mortgage funds were available should be kept for low-cost housing.

May I say to honourable senators who have come to the Senate recently that during the last few years the Finance Committee of this house, composed of members from both sides, has made inquiries into and reported upon the general extent of governmental expenditure in Canada, at all levels of government. On more than one occasion that committee stressed the fact—and I would remind my friends on the other side that these warnings were not made to the present Government but to the previous administration—that governmental expenditure in Canada, at all levels of government, had reached a point that might well cause serious concern in the future. I must confess that while those facts pertained to the general record of the former Government, the policies of the present Government show no greater appreciation of the serious situation or any more serious and resolute attempt to deal with it.

As to the conversion loan, I do not know what prompted the Government to set so high an interest rate as 4½ per cent. I presume it took the advice of those who are experienced in these matters; and of course the success of the loan would be the consideration uppermost in the Government's mind. But the fact is that the change represented not only about a 50 per cent increase in interest on the bonds that were being converted, but an increase of about one per cent in the then going rate on long-term money; and, however desirable or necessary it may have been, the process has very far-reaching ramifications in respect to our national economic structure. One of these, I submit, honourable senators, is likely to have an effect on the mortgage money available to Central Mortgage and Housing Corporation. As I understand the operation of that corporation, the Government loans it money at a long-term interest rate, plus ¼ of 1 per cent, and the corporation administers the money, lending it to the ultimate borrower at a considerably higher rate. The rate of interest charged by the Government to Central Mortgage and Housing Corporation is, apparently, adjusted every six months. Upon the last adjustment, if I am correctly informed, the rate charged the corporation was the prevailing long-term rate of about 3½ per cent, plus ¼ of 1 per cent

carrying charge, or 3¾ per cent in total. On that basis the corporation is operating, as honourable senators know, in connection with housing loans generally, at a rate of 6 per cent. If, as now appears, the long-term rate is to be set at 4½ per cent instead of 3½ per cent, it could mean that the mortgage interest rate hereafter will be 7 per cent, not 6 per cent. I would expect the Government to do everything in its power to avoid an increase of interest to 7 per cent. As a matter of fact, it is not compelled to raise the rate on loans to the corporation. Any material reduction of that charge would greatly improve housing prospects and building costs. On the other hand, if the increase is not made, one of two things must happen: either the margin of Central Mortgage and Housing Corporation must be cut, and its reserves interfered with, or it will be necessary to provide subsidies from some other source. In any event, the problem presented to the Government is a serious one.

Honourable senators will recall from the committee's report that witnesses were very much concerned about the limited amount of mortgage money available. It was suggested that, under the leadership of Central Mortgage and Housing Corporation, a conference should be called, with representatives of the Bank of Canada, other banks, the Government, and all concerned, to consider what should be done to make additional funds available. I do not know what those concerned have in the back of their minds as to what could be accomplished. But I suggest, honourable senators, that any reluctance to loan of money at 6 per cent on mortgage funds available must have been influenced to a greater or less extent by the fact that in the meantime the cost of interest, as set by the conversion loan, has gone up by one per cent. So the Government is faced with the possibility of one of two things. If, in order to encourage continuing building, the rate is arbitrarily set at less than cost, as now, plus margins, or something less than 7 per cent, the Government immediately places itself in an awkward position in relation to private lenders, because it is seeking to act as a residual lender, only lending when money is not available from private corporations. Consequently, any reduction by the Government of the rate below what private lenders are prepared and willing to lend at makes a complication, and it also interferes to a greater or less extent with the sound financial position of Central Mortgage and Housing Corporation.

There is another angle to this matter, and it is connected with the position of the provinces and the municipalities. Growing up in this country of recent years, for a variety of reasons which I will not mention, has been a very marked tendency on the part of provinces, of municipalities, and practically every other body which needs money, to go to the federal Government to get it. Apparently the idea exists that there is a bottomless well of money into which everyone can dip to pay for what he requires. As a matter of fact, governments themselves have facilitated this idea, because they do not seem to have been careful enough to draw to public attention the inevitable consequences of such an approach. Too often applicants for grants and subsidies have gone to the federal Government when, in my opinion, they should have gone to the provinces, since the responsibility, under the British North America Act, is a provincial one.

I submit that today the provinces are in a better position to respond to such demands than is the federal Government. For proof, allow me to point to the position of Nova Scotia, New Brunswick and Prince Edward Island, all of which are budgeting for a surplus. I suspect that the same is true of every province. But what is the position of the federal Government? Today it is budgeting for a deficit of $648 million, and, like many others, I believe that this figure is a gross underestimate. You do not need to have any particular knowledge of finance to know that every item entering into federal Government spending will be materially increased next year, and I strongly suspect that at the same time the revenues will fall off in some quarters. Such financial authorities as the Canadian Tax Foundation have suggested that the nature of our finances indicates there will be a larger deficit than has been estimated for this current year. At our present rate of progress, even assuming there will be no further increases in governmental revenues or expenditures, the built-in nature of our expenses will make it impossible to have another surplus in this country for 10 years. At the same time the provinces, as a result of negotiations, have got themselves into a position whereby the federal Government has guaranteed them part of their revenues in the future. But there is no guarantee I know of that the revenues of the federal Government are going to be kept up. So we are faced with these complications.

In this connection I would refer to the work the Senate Finance Committee carried on two or three years ago. As in other sessions, the membership of this committee was not drawn from one party. The honourable senior senator from Winnipeg (Hon. Mr. Haig) played a leading part, as did the honourable gentleman from Churchill (Hon. Mr. Crerar) and the late Senator Hawkins. In its report the committee warned that the

whole burden of expenditure in this country at all levels of government had become entirely too high and that sooner or later we would pay the price. It may be that we are very close to that time now. As far as government finances in this country are concerned, before we get through there is going to be, in the words of a very much talked about man in American public life, "an agonizing reappraisal".

I suggest that all Governments in Canada, at federal, provincial and municipal levels, should get busy and put their fiscal houses in order. There are only two ways that I know of to do that. One is to decrease expenditures, no matter how difficult that may be, and the other is to increase revenues at the only source, taxation. That is the problem the federal, provincial and municipal Governments have to face, and the sooner they face it the better it will be for all concerned.

In the meantime, I wish to say again that the committee's report is a good one, and I commend it to all who are interested in matters of this kind. I do hope it will receive the unanimous approval of the house.

Motion agreed to.

MARITIME COAL PRODUCTION ASSISTANCE BILL

SECOND READING

Hon. John J. MacDonald moved the second reading of Bill C-54, to authorize certain amendments to the agreement made under the Maritime Coal Production Assistance Act with The Dominion Coal Company, Limited.

He said: Honourable senators, this is recognized to be a rather simple bill, and I hope that I will be able to explain it simply.

By virtue of the Maritime Coal Production Assistance Act, chapter 173 of the Revised Statutes of Canada, the Minister of Trade and Commerce, with the approval of the Governor in Council, may, pursuant to an agreement made with a coal producer in the Maritimes, make a loan to such producer for the carrying out of an approved project: provided that no such loan shall exceed two-thirds of the cost of the project as determined by the minister.

Pursuant to this act, on March 14, 1950 an agreement was entered into to provide a loan of $7½ million to The Dominion Coal Company, Limited for the mechanization of that company's mines in Cape Breton. The amount to be loaned was two-thirds of the cost of the entire mechanization project. Interest was to be 3½ per cent per annum payable every six months on June 30 and December 31. Repayment of the principal was to commence on June 30, 1955, and continue thereafter every six months on December 31 and June 30, at the rate of 30 cents per ton of coal produced in the preceding six months.

A first payment was made on June 30, 1955, but was based only on the tonnage produced by the equipment purchased under the loan agreement, and not upon all the total tonnage. The Department of Justice ruled that the payments of principal should be based upon all the tonnage produced by all the company's mines, whether mechanized or not.

The company felt that this was more than they could afford to pay at that time, since the mechanization project was two or three years behind schedule and all of the $7½ million had not been drawn by the company. Accordingly, by P.C. 1956-327, the loan agreement was altered so that the company could repay the principal, up until June 30, 1960, on the basis of 30 cents per net ton on the tonnage produced by the equipment purchased under the agreement, and after that date on the basis of 30 cents per net ton on all the coal produced from all the mines.

Early in May 1957 the company requested the postponement of all further repayments on the principal until June 30, 1963, since the mechanization program was still several years behind schedule and they still had over $1 million of the loan to draw upon. That is, the original loan was $7½ million and they had used up probably $6½ million, leaving about $1 million.

To date, $6,476,524.92—and we must not forget the 92 cents—has been advanced to the company under the loan. Of this amount, $1,278,278.70 has been repaid at 3½ per cent, yielding $921,345.62, and, of the original loan agreed upon, there remains a balance of $1,023,475.08 still to be loaned. No repayments on account of principal have been made for December 31, 1957 or June 30, 1958, the amount in default being approximately $750,000. No further funds have been advanced to the company since their default in the repayment of principal.

The present bill is the result of the renegotiation of the loan agreement with the company. It authorizes the Minister of Mines and Technical Surveys to enter into an agreement amending the agreement of March 14, 1950 to provide for the postponement of the due date of the payments due and payable under the terms of the original agreement to a day not later than the 30th day of June, 1963, with effect on such day prior to the coming into force of this act as may be agreed upon. It also increases the rate of interest payable on the loan to 4 per cent per annum, in lieu of 3½ per cent with effect from July 1, 1957.

This means that an amount of $6,221,721.30 would have to be repaid at an interest of 4 per cent.

Honourable senators, that is about all I have to say on the matter just now.

Hon. Mr. Isnor: I wonder if the honourable senator could tell us the amount of coal mined at the time of that first payment, both in tonnage and in dollars and cents. Also I would like to know what the understanding was between the company and the Government as to the terms of the contract.

Hon. Mr. MacDonald: I would refer the honourable senator to the Commons *Hansard*, page 3744, for the answers to the questions which were put there. I am not too sure what the honourable senator's question was. If he asked a straight question as to what they had in the stockpile about ten days ago, I can answer that by saying it was 1,400,000 tons.

Hon. Mr. Isnor: That was not the question I asked at all. I want to know what the understanding was between the company and the Government as to the terms, and what the amount of coal mined at the time of the first payment was, both in tonnage and dollars and cents.

Hon. Mr. MacDonald: Honourable senators, I am sorry I cannot answer that question.

Hon. Donald Smith (Queens-Shelburne): Honourable senators, I have something to say about this bill, but first I wish to compliment my honourable friend from Queens (Hon. Mr. MacDonald). He is a senator of great promise for Prince Edward Island, and he has given us a very good explanation of this bill. I wish to thank him for his courtesy in providing me with a copy of the information that was furnished to him, which has made it much easier for me to understand the bill. As a result of that information I feel I can say, even at the outset, that I support the proposed legislation. My honourable friend explained the bill so clearly that I do not think it should be necessary to refer it to a committee. I believe that all honourable members who have an opportunity to read the record of what the honourable senator said today will receive from it a clear understanding of the situation which will enable them to decide, perhaps at the next sitting, whether or not to support this measure.

The honourable senator said this was a simple bill. It is simple in its terms, but it is not very simple to explain, and again I compliment him upon giving his explanation with such clarity.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Smith (Queens-Shelburne): In view of the fact that the honourable senator from Queens comes from a province whose coal resources have not yet been discovered, so to speak, I would not expect him to have the same background of knowledge of the coal industry as have some of us who live even in the southern part of the province of Nova Scotia. Perhaps I am in a position, therefore, to realize a little more fully than he can some of the background, some of the reasons, which make this bill necessary, and which of course he would not be expected to be in a position to state.

This bill was introduced in the other place. I followed the debate closely, as many honourable senators did. No member of that house from the province of Nova Scotia took advantage of the opportunity to speak on the bill or to make any comments on the problems involved. I feel that the records of Parliament should contain some statement by some representative of Nova Scotia on the problems of the industry which have made this bill necessary.

If I may be permitted to do so, I will go back ten years or more, to the appointment of the Carroll Commission, which made a broad study of the problems of the coal industry in this country. Some of his colleagues will remember that that commission was headed by one who served for some years in Parliament, and who at the time of his appointment to the commission was a member of the Supreme Court of Nova Scotia. I refer, of course, to the Honourable Mr. Justice Carroll, who, I am sure his old friends will be glad to hear, is living a very happy life indeed with his charming wife in that lovely lakeside village of Baddeck, in beautiful Cape Breton.

The Carroll Commission recommended, among other things, that mechanization should be undertaken in order to make the mining of coal a much healthier industry than it appeared to be at that time. During the war, as I think all of us remember, there was a shortage of fuel of all kinds, and the coal industry was handicapped by lack of manpower. There was no difficulty at all in the selling of coal. However, that was just a wartime situation. The Government of that day foresaw that difficulties would arise after the war, and it was because of its consciousness of the problems that the Carroll Commission was appointed. As a result of that commission's recommendations, as was pointed out by my honourable friend from Queens, the Maritime Coal Production Assistance Act was passed in 1950.

The question may be asked, what has mechanization done for the mines? I think it has done a great deal. I would point out

that in 1945 production in tons per man day was 1.58. In 1955, after considerable mechanization had been installed, production rose to 2.33 tons per man day. I repeat that in 1945 production was only 1.58 tons per man day. I am satisfied that mechanization was a large factor in that increase of production, but I do not think all the increase was due to mechanization. The coal miners themselves of those years, under a very good union leadership, realized the need of increasing productivity. I think they found a way to work a little harder and to increase their production per man-day by sticking to the job and making it possible to increase the tonnage from each mine in which the gangs worked.

I remember very well that the Union officials recognized the importance of holding the line in wages in order to keep coal mining more or less on an even keel. The heads of the unions had difficulty in persuading their membership at that time that it was in their own interest to hold the line. However, they succeeded in doing so, and for the first time in many years the union members went home from their annual convention satisfied to go back to work under the old contract.

Then along came a rapid increase in the cost of living. The miners found it hard to make both ends meet, as did a great many other people in this country. So when the next negotiations between the men and the mine company came up, the men asked for higher wages. The dispute went to conciliation, and it is interesting to remind ourselves that one of the members of the conciliation board who was able to use his great abilities for compromise and to effect a compromise settlement acceptable to the miners was our late friend Senator Charles Hawkins.

I think it was a great piece of union statesmanship to convince the miners that they should do their best to go along with the mechanization program, and then hold down their request for increased wages to the modest limit which they did.

All through the years the Governments of the day were quite conscious of these problems and they increased coal subventions from time to time until now the maximum subvention which makes it possible to move coal to the limit of the area in Ontario is now $5.25 per ton. I have recently read an estimate, based on information supplied by the Dominion Coal Board, that this amounts to $14 per day for every miner who works on that coal to move it up to the limit of transportation that it reaches today.

So you can see, honourable senators, that from time to time the Government has done what it thought reasonable, and I think in some cases a little more than what was reasonable, to play the part a Government must play in order to keep the industry going.

The marketing problems continued, and of course they worsened as the Canadian National Railways progressed in their program of dieselization—and we must agree that they had to dieselize. Then uneasiness began to prevail and it persisted until 1957.

The Government of the day never did hide the fact that the problem was serious and also very perplexing. But just about this time a troupe of medicine-men came down on the scene and offered a quick cure-all, a very enticing prescription written in very vague language. The ingredients of this magic cure-all appeared to include a few stronger drops of subvention, which it was said would result in acquisition of new markets, and there was some new twist that had to do with the building of thermal plants. It all added up to a greater production of coal and full employment in the mines. Whatever the herbs might have been in the prescription, the cure-all was gaily coloured and sweetened with sugar and spice. Without an opportunity to have it spelled out, to the coal miners and those dependent on the mines for their earnings this medicine meant one thing, and one thing only—the way to prosperity.

The mining communities bought this prescription and bought it in wholesale quantities. But what relief did they get when they took the medicine? Very soon they found out that they had on their hands a surplus of 1,400,000 tons of coal, as stated by my honourable friend from Queens, and it has been estimated by this Government that by the end of this year there will be a surplus of 1,250,000 tons, at least. They found they had a financially embarrassed company that had to be bailed out, and it will be remembered that there was legislation directed to that end not very long ago. They also found this summer that 9,000 miners were laid off, on enforced vacation without pay, instead of enjoying the full employment guaranteed to them by the medicine-men. And of course there was, correspondingly, a 300,000-ton loss in production instead of the increased production they were led to expect from the spiel.

The company obtained another loan from the Government to finance the stockpile, and there was a small increase in subventions, but they have had little or no effect on the industrial patient.

This bill to revise the terms of the Assistance Act is evidence of the continuation of the problems of the industry, and that the conditions I just mentioned were not of the kind which the mysterious prescription was supposed to bring about for the coal mining

industry. I want to remind my honourable friend that the policies of the former Government have not been altered by the new administration in any substantial way, they have simply been added to in small measure. The magic formula was found to contain no new ingredients. Those affected by the health of the coal mining industry in Nova Scotia are now putting the patent medicine they bought on a shelf in the attic, to remind themselves how they were taken in by the medicine-men.

The time has come for all concerned with the problem to make a fresh study and base new policies on an up-to-date approach to the economic and human problems involved, and it is on this point that I want to say something before I complete my remarks.

If ever there was a field for fruitful research as to the best use of resources in this country it lies in the coal mining industry. This truth was realized by the previous Government. I am sure we all remember the excitement that surrounded the experiment at McGill University by Professor Mordell on the development of the coal-fired gas turbine. That experiment, which cost a lot of money, was not a success, and I believe it has now been practically abandoned. But this is not the time to stop research in this field, because the field is wide open.

We are living in a new age, the age of oil and gas. Tomorrow it will be the nuclear age, with its prospects of low-cost heat and power, which will render present measures of assistance to the coal mining industry completely ineffectual. We should start now on a full-scale scientific investigation of the possibilities of using coal for purposes other than fuel. We remember that Germany found many uses for the organic content in coal and thereby was able to prolong the last war. Research is usually expensive, and I am sure this kind of research would be no exception, but surely such an investigation would be worth the price of a jet plane. Research might disclose means of expanding opportunities of employment for the youth of these mining communities in which many thousands have no alternative but to go underground for the rest of their lives in order to make a living.

It was with these possibilities in mind that the former Prime Minister, the Right Honourable Mr. St. Laurent, warned of the wasting of a valuable resource through the encouragement of an uneconomic overproduction. But how his words were misconstrued and misrepresented! The members of this chamber will, I believe, endorse this bill but there will be much more enthusiasm if, at an early date, we are asked to support a measure which would result in the establishment of a research centre located in the heart of these coal fields in Nova Scotia. I am sure that all Nova Scotians, in common with their fellow Canadians in other parts of this country, would indeed be gladdened if such research efforts resulted in finding an economic process of extracting from our coal resources certain organic materials which would form a base for secondary industries and provide employment opportunities.

Hon. Gordon B. Isnor: Honourable senators, I wish to touch briefly on this bill. I compliment the honourable senator from Queens-Shelburne (Hon. Mr. Smith) upon giving a splendid background of the coal mining activities relating to the province of Nova Scotia. He understands well the difficulties facing the industry and I am not at all surprised to know that he is in accord with the general principles of the bill. I am interested in the effect it will have on a very large proportion of the population of our province. As honourable senators may know, mining and quarrying employ a greater percentage of the population in Nova Scotia, namely 5.4 per cent, than in any other province in Canada. Alberta ranks second, with a ratio of 2.1 per cent, Newfoundland 2.1 per cent, and the other provinces in the order of 1.1 per cent, 1.6 per cent, .6 per cent, .07, and so on. So, it is apparent that the coal mining industry is extremely important to the people of Nova Scotia.

I very well recall when the principles of this legislation were discussed in the early stages. The Dominion Coal Company undertook operations in our province involving expenditures of $10 million. The company went to the Government of the day, which proposed to advance two-thirds of that amount by way of loan. I point out that, unlike financial assistance to the West by way of gift, this was to be a loan for $7,500,000, at 3½ per cent interest.

The fact was not pointed out in the other house, and has not previously been mentioned in this house, that the total estimated expenditure for the operation is $13 million. I am not aware that that amount includes the washing plant, an important part of the coal industry, which was estimated to cost $3,100,000. It is said that up to the present time only $228,516.65 has been spent in that connection. So a substantial undertaking still remains.

The honourable senator from Queens-Shelburne spoke of the progress made by the miners of Nova Scotia. I too wish to pay my tribute to them. They have in the past been criticized for not working five days a week—sometimes they worked only three

days. But I would point out that coal cannot be mined economically unless there is a ready market for it. Some years ago the Nova Scotia Government and the Department of Mines came to central Canada and sold to that area—mostly Quebec and parts of southern Ontario—something like a million tons of coal. That market has of course substantially diminished.

As was mentioned by the honourable senator from Queens-Shelburne, the diesel locomotive was developed and a very big customer of coal, the railway, found little use for it. That too was a hardship for the coal industry. However, there is one market that has not been tapped, and it was principally to mention it that I rose to speak this afternoon. I have a suggestion which, if implemented, would I believe be of assistance to both the Dominion Coal Company and the federal Government in its attempt to assist Newfoundland. First, I would point out to the honourable senators from Newfoundland that at the present time very little Nova Scotia coal is being sold to Newfoundland. I do not know why that is so, but I am under the impression it is because of transportation difficulties. My suggestion is that the coal company might well find a profitable market for the sale of coal to Newfoundland in the form of briquettes or compressed coal loaf. I feel that a market for coal in that form could be created there.

Honourable senators, I do approve the principles of this bill, because it is beneficial to my province.

I should like to pay my respects to the Carroll Commission, which I recall vividly, and to the work done by its chairman, the Honourable Mr. Justice W. F. Carroll. Although Mr. Justice Carroll is now retired, he is still interested in the coal industry. It is as a result of his fine work that the province of Nova Scotia and the federal Government were able to get together and make the agreement which they did.

The rate of production of coal has been increased by the program now under way. At the present time something like 50 to 60 per cent more coal is being produced per man per day. As has already been mentioned, the rate in 1945 was 1.58 tons per man per day, and it is now 2.33 tons. But that is not good enough. I understand the production rate has to reach something like 5 tons per man per day to make the operation profitable. Then of course the question arises as to where a market can be found to handle that volume of production.

The honourable senator from Queens (Hon. Mr. MacDonald) who gave us a very clear explanation of the bill, said there is now a stockpile of 1,400,000 tons of coal. It is not likely to be reduced to any great extent. It is estimated that by next December 31 there will still be a stockpile of 1,200,000 tons.

But that is not the most important problem. I am unable to see how a market can be found for this type of coal, which is really coal dust, unless it can be sold in the form of briquettes or pressed coal loaf, as I mentioned earlier.

Honourable senators, I could speak about the raising of interest rates on Government bonds from 3 to 4½ per cent, but I am sure that if I did so I would be accused of talking politics. I won't say anything about it, so as not to be misunderstood.

Hon. Mr. Croll: You have already said it.

Hon. Mr. Isnor: The fact remains that the conversion program, with its increase in the interest rates, is going to have an effect—I believe a detrimental effect—on the coal industry and on the whole economy of this country.

Motion agreed to and bill read second time.

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

Hon. Mr. MacDonald: Next sitting.

FINANCIAL ADMINISTRATION BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. W. M. Aseltine moved the second reading of Bill C-43, to amend the Financial Administration Act.

He said: Honourable senators, the making of amendments to the act to bring it up to date, so as to meet present conditions, has been under consideration for a long time. Practically no amendments have been made since Confederation.

The present bill has for its objects: first, to authorize the Treasury Board to make regulations for the deletion from the government's books of small debts, $25 or less—a very minor amendment; second, to clarify the circumstances under which Governor General's special warrants may be used and to provide an opportunity for prompt parliamentary consideration of those warrants when they are used; third, to permit a Crown corporation, with ministerial approval, to pay all or part of its money into the Consolidated Revenue Fund, to be held for it by the Receiver General, and to provide for the payment of interest on moneys so held; fourth, to make certain other technical and consequential changes.

The four amendments contained in the bill to accomplish these objects are to sections 23, 28, 34 and 81 of the act. The bill has particularly to do with section 28. Under that section as it now stands special warrants may be issued (a) when accidents occur to public works or buildings and repairs or renewal are urgently required, and (b) when expenditure not foreseen or provided by parliament is urgently required for the public good. These Governor Generals' warrants may be used only in periods when Parliament is not in session or when it is under adjournment *sine die*, or to a date more than two weeks after the accident happens or the matter arises.

The wording of the act has been found in some respects to be lacking in clarity. Accordingly, these provisions which are now before us have been rewritten to simplify the language and clarify the circumstances under which these Governor General's warrants may be issued. Under the present act warrants can be used only when Parliament is not in session or is under adjournment, when there is no other appropriation for the service, and when expenditures are necessary for the public good.

The act as it stands makes provision for an early opportunity for Parliament to consider all special warrants when they are issued. There are two requirements to ensure that the existence of Governor General's warrants may be known as soon as possible after they have been issued. These to be found in subsection (3) of section 28:

> Every warrant issued under this section shall be published in the *Canada Gazette* within thirty days after it is issued, and a statement showing all warrants issued under this section and the amounts thereof shall be laid by the minister before the House of Commons within fifteen days after the commencement of the next ensuing session of Parliament.

There is no change in these requirements, but a new provision has been added whereby the amounts appropriated by special warrants shall be deemed to be included in and not to be in addition to the amounts provided by the next appropriation act enacted by Parliament. The effect will be that provision to cover all such warrants will be included in the first appropriation act submitted to Parliament in the session following the period in which the warrants are issued, and the house will thereby be given a full and early opportunity to consider such warrants.

Section 2 of the bill is of special interest to the Senate. I am not going to read the section, but I want to mention this. In 1896 Parliament was automatically dissolved by reason of five years having elapsed since the previous general election.

Hon. Mr. Macdonald: That was the end of which administration?

Hon. Mr. Aseltine: The election was in 1896.

Hon. Mr. Macdonald: That was the end of the administration which preceded the administration headed by Sir Wilfrid Laurier?

Hon. Mr. Aseltine: Yes. The supplies for the new fiscal year, which at that time began on July 1, had not been granted; and after the election the question arose as to how civil servants' salaries could be paid pending the calling of Parliament and the submission to it of an appropriation bill. The new Prime Minister requested the opinion of the then Minister of Justice, Sir Oliver Mowat—who, by the way, sat in the Senate and not in the House of Commons—as to whether or not Governor General's warrants could issue to pay civil servants' salaries. The minister replied as follows:

> I think that the payment of the employees mentioned in your letter is "urgently and immediately required" for the public good, within the meaning of the said enactment, and that, under the circumstances which have occurred, and the consequent present condition of public affairs, the Governor in Council may properly, on the reports mentioned, order a special warrant to be prepared, to be signed by the Governor General, for the issue of the amount estimated to be required.

This opinion has since been relied upon for the issue of special warrants for all administrative expenses during general elections called before full supply for the year has been granted.

Honourable senators, I do not intend to go into the other amendments, for I have already stated briefly what they are. Unless I am asked questions with respect to the bill, I submit that I have given a substantial explanation of the chief features in question.

Hon. John J. Connolly (Ottawa West): Honourable senators, the Leader of the Government (Hon. Mr. Aseltine) has given a most adequate explanation of the proposed amendments to the Financial Administration Act. It was particularly interesting to hear him tell the story about the opinion given by Sir Oliver Mowat when he was Minister of Justice and sat in this house. Of course, there have been legal opinions given by other members of this chamber, but who perhaps never reached the great heights of the Ministry of Justice. Sometimes those opinions have not been followed for as long as this one of Sir Oliver's appears to have been followed.

In connection with this bill I was reading a publication from the office of the Auditor General, entitled *The Audit Office Guide*, copies of which have been distributed to

honourable senators. It contains some comment on Governor General's warrants. The issue of Governor General's warrants can from time to time be the subject-matter of political contention, and apparently in days gone by it was a good deal more serious problem than it is today. In this booklet the Auditor General reports the following:

—at one time senior Finance officers were expected, on the day a session was to open, to report for duty in morning dress, with top hat, spats, et cetera. The reason was that the Governor General's sleigh might be stopped outside the gates to Parliament Hill while they held last-minute warrants for him to sign.

We have come a long way since that sort of thing took place. The same booklet, in dealing with the question of warrants, has this to say:

A warrant may issue only when Parliament is not in session (as defined in the section)—

And there is a court decision to the effect that a warrant may be founded only on a need that arose afterwards.

So that two elements of fact come into it. First of all, there is the fact that Parliament should not be in session when the warrant is issued, and secondly, that the need for which the warrant has arisen must come about when Parliament is not in session. I understand that about a year ago in a practical way there were some urgently required payments to be made on behalf of Hungarian refugees. The money had not been provided by appropriation and resort was had to this section. Apparently the section was originally designed to look after situations where a public building fell down or was damaged in some serious way. I feel that the amendment proposed to enlarge the scope for the issuing of special warrants, with the safeguards that have been provided and have been referred to by the honourable Leader of the Government, is a very good change and an improvement to the act.

There is one point about the new proposed section 28 which causes me some concern. It may be that the answer is a very simple one but I would like to mention the point. In this document to which I have already referred, the Auditor General states:

The purpose of the old subsection (4) is to provide for situations where Parliament adjourns rather than prorogues, and the adjournment is for a lengthy period.

He also says that the opinion of the Minister of Justice upon which reliance is placed—that is, the opinion given by Sir Oliver Mowat in 1896—has to do with supply for the public service. In that opinion he does not speak about other conditions, only about supply for the purpose of meeting what is traditionally known as the civil list. In the proposed new subsection (1) of section 28 there is reference to the fact that where a payment is urgently required for the public good when Parliament is not in session a warrant may be issued. In the new subsection (5) there is reference to the fact that Parliament shall be deemed to be not in session when it is under adjournment *sine die* or to a date more than two weeks after the day on which the warrant was issued.

I am wondering whether in fact there is now a loophole which should be regularized, and that subsection (5) might provide not only for cases where Parliament has adjourned but for cases where Parliament has been prorogued or dissolved. In other words, under the section as it now reads can a warrant be issued after Parliament is dissolved and before a new Parliament has been elected? I do not expect the honourable Leader of the Government to answer this question now but if the bill is stood for third reading for another day some consideration could be given to the point. Perhaps I can put the question this way. Is the word "adjournment" as used in subsection (5) equivalent to the words—

Hon. Mr. Aseltine: Prorogation?

Hon. Mr. Connolly (Ottawa West): "Prorogation" and "dissolution".

Hon. Mr. Aseltine: I thank the honourable member for pointing this out and I shall see if I can do something about it.

Hon. W. Ross Macdonald: Honourable senators, I feel that the point raised by the honourable senator from Ottawa West (Hon. Mr. Connolly) is quite an important one. I do not want to have the bill sent to committee unless it is necessary to do so. I was going to suggest that the debate on second reading be adjourned by the honourable Leader of the Government (Hon. Mr. Aseltine), who has the right of reply. If he can give a satisfactory answer when the bill comes before us again, perhaps it could be given third reading then, but if not it could be referred to committee at that time.

Hon. Mr. Aseltine: The suggestion is that I adjourn the debate now?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Aseltine: I will do that.

Hon. Salter A. Hayden: Just before the honourable Leader of the Government adjourns the debate, may I say a word or two? My remarks are solely for the purpose of clarification with respect to the point raised by the honourable gentleman from Ottawa West (Hon. Mr. Connolly). I notice that the language following the use of the words "under

adjournment" seems to write the definition for the word "adjournment", because it says:

Parliament shall be deemed to be not in session when it is under adjournment—

I am omitting the words *"sine die"*—

—or to a day more than two weeks after the day the Governor in Council made the order directing the preparation of the special warrant.

So that appears to be the kind of adjournment that is intended by this section of the act. Frankly, it puzzles me to relate that kind of an adjournment to a prorogation of Parliament when Parliament is not adjourned to any fixed date and the people have to elect another Parliament. That is what bothers me in the interpretation of the section, and I think it should be drawn possibly in a broader form for that reason.

On motion of Hon. Mr. Aseltine, debate adjourned.

PRIVATE BILL

BURRARD INLET TUNNEL AND BRIDGE COMPANY—COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill S-4, respecting The Burrard Inlet Tunnel and Bridge Company.

Hon. Paul H. Bouffard moved concurrence in the amendments.

He said: Honourable senators, on behalf of the honourable senator from Vancouver (Hon. Mr. McKeen), who sponsored the bill, may I say just a few words. The purpose of the bill was to authorize the shareholders of the company to pay a dividend to the directors of the company. The original bill used the word "shall" in respect to the paying of remuneration to the directors and the reimbursement of their travelling and living expenses. The Commons amended the bill by deleting the word "shall" and substituting the word "may". The company is perfectly satisfied with the word "may".

Motion agreed to.

INCOME TAX BILL

SECOND READING

Hon. Gunnar S. Thorvaldson moved the second reading of Bill C-39, to amend the Income Tax Act.

He said: Honourable senators, Bill C-39 contains amendments to the Income Tax Act, which are made each year. It is a lengthy bill of 31 pages and contains 43 sections. Some of its substance was referred to in the budget resolutions presented in the other place on June 17 last, but it contains also a number of important changes which were not then referred to in the resolutions.

57075-4—42

May I say that while I am sponsoring this bill on the second reading, nevertheless I quite confess that I lay no special claim to any unusual knowledge on this subject, and I think all senators are aware that the subject of income tax is frequently technical and difficult legislation. As this bill is essentially "bits-and-pieces" legislation, amending and rewriting, as it does, various sections and subsections of the Income Tax Act, it is somewhat difficult to determine just how comprehensive an explanation of the proposed legislation should be made in this house at the present time. However, knowing all too well that income tax has an enormous impact on nearly every Canadian, this subject must be treated with a great deal of respect and, indeed, care.

Now, in speaking on this annual Income Tax amending bill I think it is true to say that for a long time most taxpayers have looked upon the architect of these annual amending bills as a person with a cold glass eye whose only thought was to close every little avenue of comfort and convenience to the taxpayer. One would sometimes think that even the gift of a Christmas turkey by a grateful employer to an unsuspecting employee was being watched and noted by the taxing authority at Ottawa. On the other hand, I think I have observed in more recent years a more conciliatory attitude on the part of the taxing authority, at least toward the small taxpayer in this country; and I do feel that the present bill in many respects justifies this point of view, because in many instances the effect of the amendments is to ease the position of the average taxpayer.

I would like to say one thing more in regard to income tax administration in this country, and that is this: in my experience the officials in the district offices across Canada are as able and devoted public servants as one can find anywhere, and if dealt with fairly and above the table they try their very best to carry out their duties without unnecessary harshness to the average taxpayer. When I speak in this vein I naturally refer especially to the district office where I live, namely, in the city of Winnipeg. And I would like to reiterate that I have a very high regard for the ability, integrity and courtesy of both the heads and the other staff of the income tax office in my city. I have no reason to doubt that the same condition applies throughout Canada generally in the administration of the Income Tax Act.

For the reason that this bill will no doubt be carefully examined section by section in committee, I do not propose to deal with it in that manner. Rather, I have divided it into as few general classifications of subject-matter as possible.

The first of the classifications I shall deal with is loans to shareholders. When a corporation has made a loan to a shareholder, other than under specified circumstances, and the loan has not been repaid by the end of the following year, the shareholder is deemed by section 8(2) to have received a dividend equal to the amount of the loan. In the past no relief was provided if the shareholder subsquently repaid the loan. In future, when an individual shareholder or a personal corporation is deemed to have received a dividend from a company by virtue of this section, he will not be entitled to a 20 per cent dividend credit in respect of the deemed dividend, but he will be entitled to deduct any amount repaid on the loan in computing his income for the year in which the repayment was made, so long as the repayment was not part of a series of loans and repayments.

The next classification that I want to refer to relates to holding company expenses. A new provision was introduced in 1957 to permit a holding company to deduct from income expenses which would otherwise be non-deductible as having been laid out to earn exempt income as in the form of dividends from its subsidiaries. In order to qualify for deduction it was required that more than 50 per cent of its property consist of shares in the capital stock of subsidiary companies. This requirement has been amended so that a holding company will qualify if 50 per cent of its property includes investment in subsidiaries in the form of bonds, debentures, mortgages, hypothecs, bills or notes as well as shares of capital stock. In other words, the relief intended here is this: many of these holding companies hold less that 50 per cent of their assets in common stocks, and consequently they were not qualified for deduction even if they held other types of securities of the subsidiary companies, namely, other than common shares.

I will now refer to the method of computing income. Section 14(1) of the act is to be repealed. This section required both the minister and the taxpayer to continue to compute income in accordance with the method used in previous years so long as the taxpayer had not adopted some other method with the minister's concurrence. With the repeal of this section, neither the minister nor the Income Tax Department will be bound by a statutory rule of consistency in the method used to compute income from one year to the next.

Farm losses. This item may be said to refer largely to the hobby farmer. In the past, where the taxpayer's chief source of income did not include farming he was entitled to deduct only one-half of his farming loss, computed without taking into account any capital cost allowance, up to a maximum of $5,000. That is one-half. In future, capital cost allowance may be claimed in computing a farm loss and the loss will be deductible up to $2,500 plus one-half of the excess of the loss over $2,500, with a maximum of $5,000 in a year. Therefore the maximum deduction will be reached when the farming loss reaches $7,500. This legislation is clearly an important concession to the hobby farmer.

The next item is that of lease-options. The provisions dealing with lease-option agreements, under which the lessee has a right to acquire the leased property, have been completely rewritten. The new rules are applicable for 1958 and subsequent taxation years to both new and existing leases. The new provision sets out specific rules to deal with cases where both depreciable and non-depreciable property is leased, and with cases where the property may be acquired by the lessee at more than one date during the term of the agreement. It also provides that where the lessor and lessee are not dealing at arm's length, the capital cost at which the lessee is deemed to have acquired the leased property will be restricted to the capital cost of the property to the lessor.

Charitable donations. The maximum deduction for charitable donations made by a corporation is to be increased from 5 per cent to 10 per cent of income for 1958 and subsequent taxation years.

Medical expenses. The list of medical expenses qualifying for deduction has been expanded to include eye glasses, almost all prescribed drugs and a number of other items.

Business losses. In the past losses sustained by a taxpayer in carrying on a business could be carried back one year or forward five years and applied against income from the business in which the loss was sustained. The loss could, of course, be used to offset any other income in the year it was sustained. In future a business loss may also be applied against the taxpayer's income from any other business in the previous year or succeeding five years. This will apply to the 1958 taxation year to permit deduction of losses incurred in another business in the previous five years. An exception to this new privilege is made in the case of corporations where more than 50 per cent of the shares have been acquired by new shareholders. In such case the loss may be carried forward only if the corporation continues to carry on the business in which the loss was sustained. Honourable senators can readily

see that were it not for the restriction referred to it would be quite easy to purchase companies that have incurred losses and then get the benefit of such allowable deductions.

Profit sharing plans. I must say that when one comes into the sections of the Income Tax Act dealing with profit sharing plans, registered saving plans and so on one enters into a very technical subject indeed. In the past, employees were deemed to have received as dividends eligible for the 20 per cent tax credit their *pro rata* share of such dividends received by a profit sharing plan. In the future each employee will be deemed to have received such part of the dividend income of the plan for the year as is allocated to him by the trustee. Thus it will be possible for the trustee to avoid allocating part of the 20 per cent dividend credit to those employees who would not benefit from it.

Registered retirement saving plans. Section 79B has been amended to permit registration of a retirement savings plan which provides for a reduction in the annuity payable following the death of the annuitant's spouse. As presently drafted, this provision does not appear to permit reduction in the annuity payable to the annuitant's spouse in the event of the annuitant's prior death. The plan may also provide for commutation of the annuity payable to the annuitant's spouse following his death.

Designated surplus. The only change made in the designated surplus provisions is in an amendment to section 28 (9a) to make less restrictive the conditions under which one subsidiary company may acquire control of another subsidiary of the same parent company without giving rise to designated surplus.

Deductions for oil and gas producers. Oil and gas producers will in future be permitted to deduct payments to the Crown for licences, permits and reservations, other than rents or royalties, under the same conditions as apply to lease bonuses. In order to qualify for such a deduction it will no longer be necessary that the property be abandoned before obtaining any production, so long as production has not been obtained in reasonable commercial quantities. It will, however, be necessary to have abandoned the entire rights to all of the properties covered by such payments without consideration in order to qualify for the deduction.

Trusts and estates. Rental income from real property is not subject to investment surtax, whether received directly by a taxpayer or through a trust or estate. It is now provided that the part of the income of a beneficiary from a trust or estate that may be regarded as rental income will be the part of the rental income of the trust or estate for the year that is allocated to him by the trustees. In future, trusts and estates will not be entitled to claim the standard deduction of $100 from income subject to tax in the hands of the estate itself.

A non-resident trust will no longer be able to deduct from its income subject to Canadian tax, payments made to non-resident beneficiaries. This provision will prevent avoidance of tax on income earned in Canada by a non-resident through a trust established outside Canada.

Appeals. Appeals to the Exchequer Court will be facilitated by the elimination of the requirement that security for costs in the amount of $400 be given. As is well known today, in order to appeal a decision of the Tax Appeal Board to the Exchequer Court of Canada the appellant is required to post security in the Exchequer Court in the amount of $400. In future only a filing fee of $15 will be required.

The name of the Income Tax Appeal Board has been changed to Tax Appeal Board, since it will also be handling appeals in connection with the new Estate Tax Act.

Personal Exemption. In addition to the basic exemption of $1,000, a married taxpayer is entitled to an exemption of $1,000, less the excess of his spouse's income over $250. At present this additional exemption is eliminated when the spouse's income reaches $1,000. In future the additional exemption will not be completely eliminated until the spouse's income reaches $1,250. I think that amendment will produce more equity in the exemption to which a taxpayer is entitled, in a case where the wife has income in excess of $1,000.

Hon. Mr. Hayden: Previously they were giving it and taking it away.

Hon. Mr. Thorvaldson: Yes.

Application for refund. The time allowed for applications for a refund of tax has been extended from two years from the date of overpayment or notice of assessment to four years from the end of the taxation year. In addition, interest allowed on overpayments of tax will be increased from 2 per cent to 3 per cent.

Non-resident owned investment corporations. The exemption from non-resident tax on dividends paid by a non-resident owned investment company will no longer apply until the surplus accumulated in years when the company was not a non-resident owned corporation has been paid out by dividends.

Gift tax. Incidentally, this is a subject-matter over which there was some debate in the other place within the past few days. Gifts to a spouse of real property to be used by the husband and wife together as their

home, or of farm property to a child to be used by the child in farming, either alone or with the donor, will be exempt from gift tax to the extent of $10,000. Only one such exemption will be allowed during the lifetime of the donor, whether or not the full $10,000 is used. This exemption is in addition to the annual gift tax exemption allowed at present.

Gift tax paid on gifts within three years of death will be refundable to the extent that such tax exceeds the federal estate tax payable on the gift.

Amalgamations. A new section has been introduced which codifies the practice that has been followed in dealing with cases where there have been mergers of the type defined therein as amalgamations. This type of merger is possible under Ontario and Manitoba laws governing corporations and, from time to time, the Taxation Division has been required to deal with the tax consequences of such amalgamation. It is desirable to specifically state the rules so that those who are contemplating amalgamations may have more certainty about their position.

The proposed section also provides four rules beneficial to the new corporations, that are contrary to the practice previously followed. They are:

1. The proposed subsection (3) permits a new corporation, under certain circumstances, to deduct drilling, exploration and development expenses incurred by its predecessors.

2. Any tax-paid undistributed income of a predecessor corporation at the time of an amalgamation is carried forward as tax-paid undistributed income of the new corporation.

3. Where the predecessor corporations had undistributed income on hand at the end of 1949 but did not avail themselves of the opportunity of paying the 15 per cent tax thereon permitted by section 105(1), the new corporation will be given the right to pay the 15 per cent tax as though it had had a 1949 surplus of the same amount.

4. Where a predecessor corporation did not take advantage of section 105(2), which permits paying the 15 per cent tax on amounts matching its dividends, the new corporation will be allowed to regard those dividends as though it had paid them, if it wishes to pay the 15 per cent tax.

Honourable senators, I have tried to be as brief and concise as possible in explaining this piece of legislation which, in many respects, is technical and difficult. However, I hope that the bill will receive the close scrutiny in the Standing Committee on Banking and Commerce which it clearly deserves. When second reading has been given, I shall move that the bill be referred to that committee.

Hon. Salter A. Hayden: Honourable senators, there is very little I need add to what the sponsor of the bill (Hon. Mr. Thorvaldson) has said. He has touched on it, true in a general way, but with sufficient definiteness to make evident what is the purpose of the important amendments proposed by the bill. There are one or two amendments only on which I propose to make some comment, because I understand the bill is going to committee.

In connection with lease-option and hire-purchase agreements, the very onerous effect of the present law has been considerably lightened by the provisions we find in the bill before us. The sponsor has referred to some of them as indicating clarification, but there is another provision which really lightens the burden so that you may in certain circumstances enter into a lease-option or hire-purchase agreement without running foul of or incurring any tax imposts, or encountering the lack of power to deduct, under the provisions which presently exist in the statute. For instance, you will find that, as amended, the section dealing with lease-option or hire-purchase agreements, and applying in the case of any lease-option agreement, hire-purchase agreement, or other contract or arrangement for the leasing or hiring of property, entered into after 1957—that if the amount fixed by the contract as the price at which the property may be purchased on the satisfaction of a condition prescribed in the contract is, in the event of satisfaction of the condition within a period of not more than five years after the contract or agreement was entered into, an amount not less than 100 per cent of the fair market value of the property at the time the contract or arrangement was entered into, then the general law does not apply.

In other words, if you have a lease-option or hire-purchase agreement, which means you may be paying rent for a period of time, and you have an option to purchase the property at a specified price, you may run into very considerable difficulty, either under the present provisions of the income tax, or indeed, under some of the provisions as proposed for amendment in this bill. But if you have a lease-option agreement with provision for payment of so much per month, and on exercising an option to purchase you acquire the property, you can escape what I call the penal provisions of the section if it can be established within a five-year period after that contract was made that the consideration that is being paid for the property, quite apart from any periodic payments made, is 100 per cent of the fair market value of the

property at the time you made the agreement. Then, if you do this—that is, exercise the option in the second five years of the life of the agreement—and you establish that the consideration in the agreement is at least 75 per cent of the fair market value at the time you made the agreement, you do not run into these provisions which penalize you; and if the period is ten years or after, the consideration must be at least 60 per cent of the fair market value of the property at the time the original agreement was made.

There is also provision—do not ask me to give the reference at the moment; you will learn about it, I suppose, in committee—for some relief when payments have been made during the period before the option was exercised, because under the law at present those payments, though they take on the character of rent, are supposed to be payments on account of the purchase price and therefore not deductible. In this case they may be treated as rent.

There is one comment I wish to make on the question of accounting methods, to which reference has been made. There is a provision that if you provide for the method which seems to be the original one, you are stuck with it and cannot change it without the consent of the minister. That section has been repealed. But I suggest that the effect of the repeal appears to be that the appropriateness of any particular accounting method will depend on the judgment of the Department of National Revenue. The taxpayer will be free to adopt a new method of computing income, subject to proof that the new method is more appropriate in the circumstances of the particular case than the old method. It may achieve greater flexibility in one direction, but it will expose you to a challenge at any time that it is not, under the circumstances, the appropriate method; and of course the minister has the right to challenge it at any time after this section is repealed.

I should like to say a word about the gift tax provision. There has been some looseness in speaking of the permission whereby, once in a lifetime, a man can give his spouse $10,000. The gift must be in the form of real estate and can be made only once. I stress that fact in view of discussion which took place in committee in relation to another bill, and because the nature of that discussion may have led some people to the conclusion that the Income Tax Act permits a gift of $10,000. The form of the gift, I repeat, is limited to real estate, and it must not have a value in excess of $10,000.

I do not know whether this has been mentioned, but it is of significance that the ceiling on corporation charitable donations is raised in this bill from 5 per cent to 10 per cent of the income of the corporation. A clarification has been made in connection with a husband's exemption where his wife has income. It is quite proper, but the manner in which it exists, is, I think, a sort of Indian giving.

As to pension contributions, the honourable senator who preceded me referred to one phase of the extension of the provisions in this respect. There is only one point to which I want to make some reference. In the act as it stands there is a provision for an employer to add to the superannuation fund and to make contributions in excess of the amount which he has contracted to give and in respect to which he is entitled to an exemption or deduction from income tax. That provision has been in the statute for a number of years, and it enables an employer to move on the strength of the production of a statement of a recognized actuary that the fund, to be actuarially sound and to take care of all the obligations that devolve on it, requires an additional contribution. Under the existing law the right to deduct was at the rate of 1/10 of the amount a year, so that the deduction was spread over ten years. When this bill becomes law the deduction may be a lump sum deduction in the year in which it is paid; and it is also provided that, in respect of these ten annual instalments of deduction, if lump sum contributions have been made in the past, and if any part still remains to be deducted, the balance of that lump sum may be taken into the one year and written off against the profits of the year. I think that is a very valuable concession, and that it lends strength to the statement which I and others have made in the course of the debate, in the last week or so, indicating the regard, even in such circles as the Income Tax Division and the Department of Finance, to the importance and the high place that pension plans occupy in the economic scheme of things in Canada. If there were any doubt or question about it, here one finds, by Government legislation, a proposal to assist, by immediate tax deduction, contributions by employers over and above the amount that they would be called upon to contribute by virtue of the superannuation plan, in order that that plan may be put and maintained in an actuarially sound position. Once one finds that degree of importance attached to this matter, I submit that one can draw many logical and reasonable conclusions when approaching the consideration of an attack on or any sort of challenge to the sanctity of the fund and the moneys which are paid out of it.

There is just one other thing I think I should refer to. Last year, I believe, rental income was taken out of the category of investment income subject to surtax. Income tax authorities have now caught up with us, and, if rental income is to be in the category of general income, by a clause in the present bill it is provided that one cannot deduct from investment income losses in respect of property on which one receives rental income; they must be deducted from the income from that source.

There may be other features that require particular explanation, but the transactions are highly technical and, in the complicated way of financing and carrying on many business enterprises today, situations develop that, in the interest of fairness, require certain treatment. The methods that are laid out for doing it in the statute require considerable reading and sometimes cover pages to accomplish what looks to be a simple objective. But apparently all these words are necessary. I would not attempt to burden the Senate in describing, for instance, all the procedures involved in dealing with the amalgamation of corporations, where it is permissible, without running into tax levies, to deal with the locked-in surpluses of the various companies that are being merged. I believe it takes several pages in the bill to deal with this subject, but according to my reading of it I think it will work.

Hon. Mr. Thorvaldson: I think it covers seven pages.

Hon. Mr. Hayden: Yes. I would not even be able to express what I have gleaned after one reading of the section, even with the background of some training and exprience I have had, but it is beneficial and therefore I am certainly in favour of the provision as, indeed, I am in favour of most of the provisions contained in the bill this year.

Again may I commend the manner in which the sponsor of the bill (Hon. Mr. Thorvaldson) gave his explanation. I much prefer that sort of explanation, where you deal in headings and in simple language with the scope and effect of a bill of this kind, to an attempt at an itemized and detailed discussion of each section. That way one gets lost in a maze of language and ends up having no appreciation of it at all.

Hon. Mr. Taylor (Westmorland): There is one question I should like to ask the sponsor about section 5 of the bill. I understand that under the existing act a farmer is permitted to deduct one-half of his total farming loss in one year up to an amount of $5,000. Then I understand that section 5 of the bill proposes that a farmer may deduct with respect to his farming loss for one year an amount of $2,500 plus one-half of any loss in excess of $2,500, but that in both cases the maximum is the same. Am I right in that? I thought I understood the sponsor to say that a farmer can deduct up to $7,500?

Hon. Mr. Thorvaldson: I think the explanation is this. At the present time if you have a loss up to $2,500 you can deduct that amount. If you have a further loss of $5,000, you have an additional deduction of $2,500, namely, one-half.

Hon. Mr. Hayden: That is right.

Hon. Mr. Thorvaldson: In other words, your total deduction under this amending bill is increased to $5,000. If you have a farm loss of $7,500 you have a maximum deduction of $5,000. If your loss is $10,000, your maximum deduction is still $5,000. I believe that is the case.

Hon. Mr. Hayden: I understand the improvement in the bill is that you get the first $2,500 of loss.

Hon. Mr. Baird: Do I take it this concerns what are called "gentlemen farmers"?

Hon. Mr. Hayden: Hobby farmers.

Hon. W. Ross Macdonald: Honourable senators, I would like to join with the honourable gentleman from Toronto (Hon. Mr. Hayden) in congratulating the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) on the able presentation which he has made of this bill. I like the way he presented it. He dealt with the principle of a difficult piece of legislation under separate headings. Whenever a bill is going to be referred to committee, I feel that this is the appropriate way in which the bill should be discussed in the house on second reading.

There is just one feature to which I would like to draw the attention of the house. Probably this is a matter which could more appropriately be brought up in committee. It has to do with the gift of $10,000 which one can make to his or her spouse or child, and which will not be subject to gift tax. Section 41(1)(ba) of the bill reads:

> —a gift to the spouse or child of the donor of an interest in real property made by way of a transfer, assignment or other disposition of that property to the spouse or child, as the case may be, either alone, or jointly or in common with the donor,—

And these are the words in which I am interested.

> —to be used,
>
> (i) in the case of a gift to the spouse, as a place of residence for the spouse—

My question to the sponsor of the bill is this. Let us suppose that an interest in property to the extent of $10,000 is given to a

spouse, and within a brief time thereafter, maybe a week or a month, the real property is sold and no longer used as the residence of the spouse. Is there any gift tax? I am assuming that the property has not been used as a residence for, say, more than a week or a month. Or it might happen that the house is sold and another residence purchased with the proceeds. Would the $10,000 gift with respect to the new residence be exempt from gift tax?

The final question that occurs to me is this. From what time does this gift tax take effect? I notice that subsection 2 of section 41 of the bill says:

> This section is applicable to the 1958 and subsequent tax years.

If the gift was made in 1957, would there be a release from the gift tax in that respect? As I have said, these questions might better be raised in committee but I thought I would mention them now.

Hon. Mr. Thorvaldson: I would like to say to the honourable Leader of the Opposition (Hon. Mr. Macdonald) that his questions in regard to this section are most pertinent and I would not presume to try to answer them because I have not got the answers. The language used definitely indicates that the section requires explanation, and perhaps we could discuss this further in committee.

Hon. Mr. Hayden: I might suggest that there are a number of problems inherent in this. For instance, if such a gift tax applies within three years of the death of the person who makes the gift, what is the status of this gift in relation to the subsequent probate of the will and the inclusion of this as part of the estate of the deceased? I can see that if the gift took the form of a joint tenancy, that part of it, the interest retained by the husband, would be gathered into his estate, and the interest that was given to the wife might come into his estate as well under another section in another act as being a gift made within three years of death. Having regard to the advertising that has been given to the generosity of the Government and the taxing authority in permitting a gift of $10,000 once in a lifetime, I sincerely hope that is not—to use a term that I used earlier—"Indian giving", because if the public, who may avail themselves of this, find out, first, that the gift is not a good gift and is going to be taxed because it is not actually being used as a place of residence for the husband and wife; or, secondly, if the husband dies within three years, and they find that the whole value under two different sections in the Estate Tax Bill is going to come into the estate of the husband, I am sure there will be not only weeping and wailing, but vocal protest that will reach many high places.

Hon. Mr. Thorvaldson: I think probably one more thing might be said about this section. In my own experience in western Canada, including the city of Winnipeg, nowadays when a young married couple, or indeed a middle-aged couple for that matter, buy a house, in nine out of ten cases invariably the title is placed in their names as joint tenants, not as tenants in common.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Thorvaldson: Time goes on, and after perhaps five or ten years, or longer, one spouse dies, and the income tax authorities have no end of trouble in trying to determine whether the wife had a true ownership interest in that house or whether it ought to be deemed that the husband exclusively was the owner of the whole property. Those cases exist in large numbers and they will become multiplied as time goes on. Perhaps this legislation is partially intended to overcome that recurring problem of income tax administration.

Hon. Mr. Hayden: I do not think so, and that is the reason I pose this question, because if a husband acquired a property ten or twelve years ago and it is placed in the joint names of the husband and wife, I would assume certainly that time works in favour of the 50 per cent interest in the property held to be the property of the wife when the husband dies, as and when the provisions of the present Estate Tax Bill come into force. But there is an opportunity under this bill, if it is properly framed, for the husband to make a gift of the balance of the homestead property so that his wife may end up with 100 per cent of the property, if we are sure that the conditions are properly devised in this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Thorvaldson, bill referred to Standing Committee on Banking and Commerce.

COMMITTEE MEETINGS

Hon. Mr. Aseltine: Honourable senators, before moving adjournment of the house I should like to mention the fact that the Standing Committee on Banking and Commerce will convene this evening at eight o'clock to resume consideration of the Estate Tax Bill, and that tomorrow the Standing Committee on Natural Resources will meet at eleven o'clock to consider the National Capital Bill.

Hon. Mr. Macdonald: I asked the chairman of the committee which is to consider the National Capital Bill if that committee was to meet tomorrow and he informed me it would not.

Hon. Mr. Aseltine: I have a memorandum to the effect that the chairman of the committee (Hon. Mr. Vaillancourt) says that the committee meeting tomorrow is O.K. with him, though he won't be here.

Hon. Mr. Macdonald: I regret that I shall not be here either. I have an engagement for tomorrow which I made at the end of last June, fully expecting that I would be returning from my holidays now instead of still being in Parliament.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, August 22, 1958

The Senate met at 3 p.m., Hon. Arthur M. Pearson, Acting Speaker, in the Chair.

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following document:

Report of the Civil Service Commission of Canada for the year 1957. (English and French texts).

THE HON. THE SPEAKER

TO REPRESENT CANADA AT WORLD'S FAIR

Hon. W. M. Aseltine: Honourable senators, before the business of the day is proceeded with I wish to announce—what, perhaps, all honourable senators know—that the Honourable the Speaker of this chamber has been appointed by the Prime Minister to represent Canada at the Canada Day ceremonies at the World's Fair, Brussels, Belgium, on Monday, August 25. For that reason he will not be present today, nor possibly next week.

It is a great honour for this chamber that our Speaker has been selected for this important assignment, and I am sure he will carry out his duties with distinction and to the full satisfaction of all Canadians.

NATIONAL CAPITAL BILL

REPORT OF COMMITTEE

Hon. John A. McDonald, Acting Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill C-48.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (C-48) intituled: "An Act respecting the development and improvement of the National Capital Region", have, in obedience to the order of reference of August 20, 1958, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. McDonald: Next sitting.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Monday evening next at 8 o'clock.

Motion agreed to.

MARITIME COAL PRODUCTION ASSISTANCE BILL

THIRD READING

Hon. John J. MacDonald moved the third reading of Bill C-54, to authorize certain amendments to the agreement made under the Maritime Coal Production Assistance Act with the Dominion Coal Company, Limited.

Motion agreed to and bill read third time and passed.

FINANCIAL ADMINISTRATION BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Aseltine for the second reading of Bill C-43, to amend the Financial Administration Act.

Hon. W. M. Aseltine: Honourable senators, yesterday I moved the adjournment of the debate on this bill for the purpose of looking into certain matters which had been raised by the honourable senator from Ottawa West (Hon. Mr. Connolly) and I would like at this time to give a—not exactly, perhaps, my own—learned opinion on the point which was raised at that time.

Section 20 of the British North America Act provides that there shall be a session of the Parliament of Canada once at least in every year, so that twelve months shall not intervene between the last sitting of Parliament in one session and the first sitting in the next session. Each Parliament consists of one or more terms or periods known as sessions. The first of these begins on the day on which the new Parliament is directed by royal proclamation to meet and continues until Parliament is prorogued by the Queen. The Deputy Governor, in pronouncing prorogation on behalf of the Queen, names the day on which Parliament is to reassemble, when the new session begins. The length of each session is therefore determined by royal proclamation. In Canada a session usually lasts for several months, but it may last for a year or longer. It may also be shorter. When Parliament is adjourned, either *sine die* or to a definite day, it is still in session.

In the present bill Governor General's warrants are authorized where a payment is urgently required for the public good when Parliament is not in session. When Parliament is adjourned it is in session and therefore if Governor General's warrants are to be issued during a long adjournment

the amendment on page 2 of the bill, adding a subsection (5) to section 28 of the Financial Administration Act, is necessary, because while Parliament is not sitting it is still in session during such adjournments and an emergency may arise during such a long adjournment when an urgent and necessary expenditure may have to be made by warrant. Therefore, during such a period Parliament shall be deemed to be not in session and therefore subsection (1) of section 28 can be relied upon as authority for the issue of Governor General's warrants.

The bill itself in section 2 reads as follows:

> Where a payment is urgently required for the public good when Parliament is not in session and there is no other appropriation pursuant to which the payment may be made, the Governor in Council, upon the report of the minister that there is no appropriation for the payment and the report of the appropriate minister that the payment is urgently required for the public good, may by order direct the preparation of a special warrant to be signed by the Governor General authorizing the payment to be made out of the Consolidated Revenue Fund.

Subsection 5 has been inserted to cover the points which I have mentioned and which were raised by the honourable senator from Ottawa West (Hon. Mr. Connolly).

In view of what I have said, I am of the opinion that it is not necessary to refer to prorogation or dissolution of Parliament or anything of that nature.

Hon. John J. Connolly (Ottawa West): Honourable senators, I do thank the honourable Leader of the Government for his complete explanation. Perhaps if I had come to the chamber better prepared yesterday I might have had the explanation which he has been kind enough to give. The confusion in my mind, and perhaps in the minds of other honourable senators, including the honourable senator from Toronto (Hon. Mr. Hayden), arose from the fact that while we may think of a "sitting" and a "session" of Parliament as having the same meaning, the terms in fact have different meanings. Parliament can be in session, but adjourned and not sitting. That, I think, is the pith of the explanation. If Parliament is sitting the warrants cannot be used.

Hon. Mr. Aseltine: That is correct.

Hon. Mr. Connolly (Ottawa West): If it is in session, but not sitting, under the circumstances and with the safeguards provided in this measure, warrants can be used.

I do thank the honourable leader for the full explanation which he has put on the record. I feel sure it is helpful to all honourable senators—certainly it is to myself.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Aseltine: Honourable senators, the honourable Leader of the Opposition (Hon. Mr. Macdonald), who is absent from the chamber, said he did not think it necessary that this bill be referred to committee. Therefore, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

CUSTOMS TARIFF BILL

SECOND READING

Hon. Lionel Choquette moved the second reading of Bill C-50, to amend the Customs Tariff.

He said: Honourable senators, this bill is neither lengthy nor complicated. It contains only four sections. The explanatory notes, which also are short and simple, state that the purpose of the bill is to implement the budget resolutions on the Customs Tariff.

Section 1 of the bill gives definitions of terms used throughout the legislation.

Section 2 provides for the amendment of schedule A of the act by striking out the tariff items listed in the section.

Section 3 provides for the amendment of schedule B, which is the second and only other schedule mentioned in the bill, by striking out the items therein enumerated.

Section 4 reads:

> This act, and the schedules to this act, shall be deemed to have come into force on the 18th day of June, 1958, and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

Then follows schedule A, Parts I, II, III, IV and V, which enumerate certain tariff items and set out the three classes of tariff applicable, namely, British Preferential Tariff, Most-Favoured-Nation Tariff, and General Tariff.

Schedule B enumerates certain goods and materials used in manufacturing processes which can be imported to or exported from Canada, and the portion of duty payable as drawback.

I shall explain later how the Tariff Board, in association with the Minister of Finance and other persons, came to set the rates of duty stated in the bill on certain items of export and import.

However, before, I enter into a discussion of these resolutions it may be helpful if I say a few words about the amendments

generally. Honourable senators may have noticed that, instead of dealing in one resolution with all the amendments to schedule A, and in another with all the amendments to schedule B, as has been the practice, this year there are several resolutions dealing with each schedule. The reason, I suppose, is quite apparent: it is that separate resolutions have been introduced to deal with the subject-matter of each of the four reports of the Tariff Board, and there are two resolutions which deal with miscellaneous tariff items in these respective schedules that are to be amended.

Hon. Mr. Connolly (Ottawa West): The honourable gentleman is referring to "resolutions". There is not any resolution before us, but a bill which contains schedules A and B, and I cannot follow what the honourable senator means when he talks about four different resolutions.

Hon. Mr. Choquette: What I intended to do was to explain how these tariff rates have been arrived at. I was referring to resolutions brought in in the other place, based on certain representations made by manufacturers. Notwithstanding those representations and resolutions, some changes have been made in the tariffs which are before this chamber today.

Hon. Mr. Connolly (Ottawa West): I can understand that resolutions contained in reports of the Tariff Board may have been changed by the Government when it proposed its legislative program in respect of tariffs, but I wonder whether the honourable member is speaking about the procedure in another place, where they may very well, and in fact do, introduce resolutions arising out of the budget speech and upon which the legislation now before us is based. These resolutions, however, are not before us, so the reference is confusing.

Hon. Mr. Choquette: The honourable senator is quite right. I merely wanted to present some explanation as to how these tariffs have been arrived at. I will make no further allusion to resolutions at this time.

As honourable senators know, the Tariff Board is composed of experts. They hear representations of Canadian manufacturers, examine closely the conditions respecting goods manufactured in Canada and goods to be exported to other countries, and materials to be imported here for use in the manufacture of goods to be used and sold in this country and exported to other countries.

It would be easy, honourable senators, if we could say: "After serious consideration by the Tariff Board of all these questions, after receiving representations from our manufacturers, the Board in its wisdom has decided to place the following tariff on exports and imports." Very few members of this chamber or of the other place would wish to question the wisdom of the Tariff Board in its recommendations.

However, for the purpose of this bill it has been necessary, when considering certain goods to be imported and exported by this country, to make certain departures from the recommendations of the Board, without in any way casting reflections upon the ability and competency of its members, who are, without doubt, experts in their field.

Three factors must be considered by the Department of Finance before rates of duty are fixed on goods to be imported and exported which depart from the rates recommended by the Tariff Board. The first of such factors is the result of GATT or the General Agreement on Tariffs and Trade, and negotiations in relation thereto. It is seldom or never possible to obtain consent to all the rates recommended by any one party; there must be some give and take. This results in adjustments downward on rates recommended by the Tariff Board, and as well on rates offered as a compensating adjustment. In tariff negotiations, as in all others, there must be some *quid pro quo*.

The second factor is the result of representations received from the Tariff Board in reports which are made public. Not infrequently some facts are brought to light to which the attention of the board was not directed, or which were inadequately presented to it.

The third consideration effecting changes may result from additional consideration by the Department of Finance. During the course of GATT negotiations or of receiving representations the highly-skilled, diligent and competent officers of the department may reach conclusions which differ somewhat from those of the Tariff Board. When they convince the Minister of Finance that their views are right he takes the responsibility of making recommendations to Parliament, exactly as his predecessors did.

What are the facts today? The tariff proposals of the budget are: (1) neither high tariff nor low tariff, (2) neither protectionist nor free trade. Our approach, honourable senators, must be a pragmatic one: What, in the exercise of reasonable judgment of a given situation, is likely to produce the most effective result? In some cases that involves tariff increases, and so a higher tariff, but in more instances it involves reduction. On balance, there are more reductions than increases.

It is my firm belief, honourable senators, that these resolutions are based upon solid economic facts, upon a wholesome, realistic and pragmatic approach.

I have already explained that there is a British Preferential Tariff, a Most-Favoured-Nation Tariff, and a General Tariff.

Most recommendations of the Tariff Board have been followed. However, these recommendations were made by the board about a year ago. Since then further recommendations presented to the minister by industry and manufacturers have caused the department or the minister to make certain changes in the tariffs recommended by the board. Consequently the tariff is increased in certain cases and decreased in others.

I should like to read to the house a very timely editorial which was published in the Ottawa *Journal* last evening. The article, entitled "United States Trade Policy: The Larger Truth", reads:

> The irritations of the moment are always in danger of distorting larger truth. The American director of foreign commerce, Mr. Loring K. Macy, has just performed a useful and convincing task of restoring the perspective on United States trade policies. It is a perspective which many Canadians, viewing some recent American trade decisions with justifiable hostility and alarm, have perhaps lost.
>
> In a recent speech in Toronto, Mr. Macy has pointed out that far from increasing protectionism, there has been a steady process of reducing the barriers to imports. Approximately 90 per cent of American imports now enter the country at lower tariff rates than in 1934.
>
> While the average rate on all American dutiable imports is about 12 per cent, the average for Canadian imports to the United States is now only six per cent. Moreover, since the United States has not adjusted its duties upwards in line with higher prices after World War II, the effect has been to lower the tariff level as much as actual rate reductions. It is estimated, all factors considered, that over the entire period of the trade agreements program United States tariffs have been lowered on an average of more than 75 per cent.
>
> This is the reason why, as The *Journal* pointed out in discussing the coming Commonwealth Trade and Economic Conference, that the American tariff policy of 1932 is not the policy today.
>
> The American Trade Agreements Act, just extended for four years, has often been criticized for its "escape clause". This is a loop-hole from agreements which permits the levy of higher tariffs when domestic industry is suddenly in trouble and it is often thrown up as an example of inherent American protectionism.
>
> But Mr. Macy has noted that "escape clause" action, though often advocated, has been taken only in 10 cases since 1950, one of which affected Canadian exports. President Eisenhower, for example, declined in 1956 to approve a recommendation from the U.S. Tariff Commission for higher duties on Canadian fish, a major Canadian export to the United States. There is this remarkable statistic: the United States Government has granted concessions on 3,000 items; only on 10 items of relatively small value and volume has the tariff been increased.
>
> This is the other side of the coin. Both sides should be examined before we rush into dangerous generalizations.

Hon. Mr. Connolly (Ottawa West): Very good.

Hon. Mr. Choquette: Honourable senators, I am not going into the details of all the articles and goods mentioned in Schedules A and B of the bill. It is my intention to move that the bill be referred to the Banking and Commerce Committee, where honourable senators, no matter whether they are members of the committee or not, can ask questions on any item that interests them. The departmental experts are in a better position than I am to explain why there has been a decrease or an increase in duties.

The general principle behind the legislation is that where goods are manufactured in this country it is in the interests of the Government to see that our market is not flooded with that type of goods. After negotiations with GATT on a policy of give and take, certain discussions took place and some tariffs were increased and others decreased. I can report that so far the manufacturers of the various goods referred to in Schedules A and B have been quite satisfied with the tariffs proposed in this bill.

Hon. Norman P. Lambert: May I ask my honourable friend if he has information conveniently at hand to tell us on how many items in this bill the tariff has been increased in and how many have been left unchanged or lowered?

Hon. Mr. Choquette: I am afraid I do not have a complete list. Is the question directed to whether increases and decreases have been made to or from rates recommended by the board?

Hon. Mr. Lambert: No, with respect to the approved tariff schedule.

Hon. Mr. Choquette: I am afraid I would not be in a position to answer that.

Hon. Mr. Lambert: Honourable senators, in rising to say a few words by way of comment on the very good presentation of this bill by my honourable friend from Ottawa East (Hon. Mr. Choquette), I feel, in gazing around me, that I have had a measure of greatness thrust upon me at the moment. I shall try to measure up to this honoured position. I feel that the emphasis placed by the honourable senator upon the resolutions of the Tariff Board as a basis for this bill is probably not giving due credit to the Government for assuming responsibility for this most important piece of legislation, bearing out what should be one of the main features of policy of the present Government.

From my observations I would say that the function of the Tariff Board has always been that of inquiry and report. I think in the past it has always avoided making any form of definite recommendation as to the lowering or raising of tariffs. From time to

time certain subjects have been referred to the board for its investigation and inquiry, and I believe its findings have always been of an informative rather than advisory or definitely suggestive character. I have in mind, particularly in connection with this bill, the reference to the section dealing with textiles, especially woollen textiles.

On page 8 of the bill, under Part IV, of Schedule A is an item reading as follows:

Woven fabrics composed wholly or in part of yarns of wool or hair and weighing not less than twelve ounces per square yard.

The British Preferential Tariff rate on those fabrics is lower than that of the Most-Favoured-Nation Tariff or the General Tariff. Just how much lower it is than the old tariff on those items I cannot say, because I have not the information before me, but I think it is a very small decline.

This is the main item in the bill relating to our trade with Great Britain. The emphasis in our trade relations with Great Britain in the past has always been on giving as favourable consideration as possible to imports of woollen goods from the British Isles. In view of the forthcoming commonwealth conference on trade, I think it would be quite an eloquent commentary on the prospects of that conference if this particular item in the Customs Tariff received more attention than is given to it in Part IV of the bill. The impression we have all had was that this particular item would probably form a large part of the proposed diversion of 15 per cent of this country's trade to the British Isles, and I am wondering if this item is not a pretty small contribution to that objective.

If this bill is referred to the Banking and Commerce Committee we might be able to obtain more detailed information about the extent of the changes that have been made in connection with the tariffs rates on these different items of import and export, and how far-reaching the changes have been in the direction of liberating trade.

One can agree wholeheartedly with the references made by my honourable friend to the more liberal attitude that has been taken by the Government of the United States toward imports. Another thing he might have mentioned, of course, is the recent renewal of the powers of the President to deal with reciprocal trade measures with this country. I think that is a very good sign. Again, it does not fit in with the thing that some of us have been inclined to fear, that a movement was being made toward another trend in our own trade relations.

So far as tariffs are concerned as a factor in world trade, I think it is important that we should realize that the volume of world trade has been shrinking steadily in the past ten or fifteen years. The great reason for the decline has been the persistent existence—the unbridged existence, if you like —of the so-called dollar gap between North American countries, that is, Canada and the United States, and the rest of the world, particularly Great Britain and Western European countries. I think the ingenuity of governments, not only on this side of the Atlantic but also in Europe and elsewhere, is being taxed to the utmost to try to overcome that great handicap or difficulty in international trade relations. At the present time, as the result of the dollar gap, which I think is a real indication of the shrinkage in world trade, the principal countries of Western Europe, including Great Britain, have sought to establish among themselves a common market, known as the Western European Union. Another group is taking form in the Far East, from the southwestern point of Asia to the northeastern part of Africa. A definite effort is being made today, with the help and influence of Russia, to form another bloc in that part of the world. In South America three blocs of countries are also seeking to organize themselves in the same way.

Honourable senators, if that means anything, it should emphasize the importance to Canada of entertaining as far as possible a liberal attitude in trade—and I do not mean that in any partisan sense—with the United States and the South American countries. South American countries, of course, are in a different category from the United States, because the basis of their currencies is different altogether from that of the dollar. However, from the point of view of economics, I think the important thing to be remembered in our approach to such matters as the customs tariff is that everything should be done to try to reconcile the value of our dollar in a practical way with the currencies of other countries. The dollar is where it is today in relation to the currencies of other countries partly because, in the first place, Canada and the United States were in a secure position geographically during World War II; and, secondly, for that reason we have also been the recipient of large amounts of imported capital for investment and development here.

Now, you cannot eat your cake and have it too, which is a common way of expressing our situation in the trading world. I think the problem that the Canadian Government must face is to try to find a way of relieving the impasse that exists today in relation to the financial elevation of our currency over that of the United States and other countries with which we would be only too pleased to

enlarge our export trade, which in turn would necessarily involve imports as well.

I have nothing more to say on this bill except that I am glad it does not show any more drastic change in the schedules than is indicated here, the exact nature of which I hope we can have revealed more clearly in committee.

Hon. John J. Connolly (Ottawa West): Honourable senators, I would first of all like to compliment my honourable friend from Ottawa East (Hon. Mr. Choquette) on the presentation which he has made of this measure and to say again that I am pleased indeed to see him taking such an active part in the deliberations of this chamber. I know that he can make, and will make, a very substantial contribution to its work as time goes on.

I must say that I rather enjoyed the concluding part of his address, particularly as I think I can detect a bit of inconsistency in it and it is not beyond me to point this out. I was very pleased to hear him read with approval an editorial from that great local organ the Ottawa *Journal* in which the American Government was commended for the liberal trade policies it has been applying in recent years and to which it has very recently rededicated itself in the passage of the new Reciprocal Trade Act which, as the senior senator from Ottawa (Hon. Mr. Lambert) has said, gives powers to the President for a further period of five years to liberalize the trade and tariff measures of the United States. But my friend having done this, which warmed my heart so much—I must say that I was warmed also by the work of the editorial writer in the *Journal* of last night—I am afraid I was not surprised, though I felt a little tinge of regret, when my friend went on to say that despite the liberal policies which the American Government has been adopting and apparently will continue to adopt, we in Canada however must establish a policy of protection.

Well, I think that is going on. My friend's party, which is in power now, is traditionally a party which believes in the principle of protection, and I honour it for standing fast on that platform. Certainly in the measure we have before us there is evidence that that policy is still a policy of his party. I find in spite of the recommendations or reports that have been made by the Tariff Board from time to time, the Government has taken its responsibility and has increased the tariff on certain items. Take, for example, steel billets, item 378 in the schedule.

Before I go into that I might say it has been extremely difficult to compare the situation under the old items with that under the new items. I would hope that on another occasion these schedules could be so drawn that the old position and the new position would both appear side by side. It would be a convenience to everybody.

I come to item 378. In the three columns, British Preferential Tariff, Most-Favoured-Nation Tariff and General Tariff, under the present tariff the rates are respectively free, free and 5 per cent. The Tariff Board recommended that the rates be free, $3.50 a ton and $5.00 a ton, and the Government proposal is free, 5 per cent and 10 per cent. What the relation is between 5 per cent and $3.50 a ton I am not prepared at the moment to say, but I am informed that it does represent an increase in the tariff heretofore imposed on these steel billets, and an increase over and above the Tariff Board's recommendation.

Another item I might mention in this same connection is 382(5), coated sheets. The present rates are 5 per cent, 12½ per cent and 15 per cent, respectively, in the three columns. The Tariff Board's recommendation was: free, 10 per cent and 20 per cent. This Government measure provides rates of 7½ per cent, 15 per cent and 20 per cent.

I have picked only two items out of some 117 items which have been changed. I do not say that they are all revised upward; a good many are revised downward. I do not say either that this measure is a serious tariff increase measure.

Hon. Mr. Aseltine: Was the honourable senator referring to item 385?

Hon. Mr. Connolly (Ottawa West): I was referring to item 382, subsection 5, on page 5 of the bill. I would be less than fair if I said that this bill was a serious measure to increase the tariff across the board. That is not the case. But I do say that there is an increased tariff on many items. Moreover, the Government has indicated it proposes to renegotiate certain items under the General Agreement on Tariffs and Trade with reference to certain items, including woollens from Italy and fruits and vegetables from the United States.

Our trade with Italy has been a flourishing trade from our point of view ever since the last war. We sell about twice as much there as we buy, and the Italian authorities have said that if we increase our tariff on Italian products, particularly the woollens which come from that country, it is going to be increasingly difficult for Italians to buy the fish and other products that they get from this country.

Hon. Mr. Lambert: The same with Japan.

Hon. Mr. Connolly (Ottawa West): The main reason, of course, is the shortage of dollars in Italy. We can supply them with

more dollars to buy our products by buying more products from them. I think it would be well to reconsider the suggestion that GATT be revised so that Italian woollens would be subjected to heavier tariff on entering Canada.

The honourable senior senator from Ottawa (Hon. Mr. Lambert) has mentioned wool cloth. Let me say at once that I recognize that this industry presents a serious and continuing problem that has challenged the Governments of this country ever since the late war. The Tariff Board has held many lengthy hearings to consider the position of the Canadian textile industry generally.

I have some figures which indicate what has happened to the woollen industry since 1946. From them it will be apparent that not only has the number of mills declined, but the employment has also dropped. In 1946 there were 100 mills, employing 9,900 people; in 1950 there were 85 mills, employing 9,200; in 1955 there were 76 mills, employing a little over 6,600; and by 1957 there were only 54 mills, employing approximately 5,700 persons.

The Tariff Board, in its report on the wool cloth industry and textiles generally, said that the problem was more than fiscal, it was social. In the days when the industry was established in this country, mills were frequently set up in small towns, whose economy revolved around the existence of the mills and the employment they gave to the area. The board gave consideration also to the importance of this industry in the event of an emergency, such as a war, and was loud in its praise of the contribution which the industry had made to the production required during the late war for the use of the armed services. The industry met the demand handsomely, at a time when the need was vital. Had we been dependent on British manufacturers for the production of textiles needed by our servicemen, these goods would have had to be convoyed across the Atlantic and would have greatly increased the demands on our convoy facilities.

The Tariff Board recommended a most modest increase in the tariff for the textile industry, and was very careful to say that the proposed increase was not intended to make that industry prosperous but was barely sufficient to enable it to survive.

So I say, honourable senators, the decision as to what is to be done in connection with the textile industry in this country has not been taken yet. It has been postponed, and will be a matter for serious consideration for future Government policy. If action is to be taken it will probably come before us by way of a bill of this kind, when the policy has been decided.

Hon. Mr. Lambert: May I interrupt my honourable friend for a moment? Am I right in my recollection that the Tariff Board's report made some reference to the necessity for scientific improvements in Canadian processing and manufacturing, in order to meet competition from other countries?

Hon. Mr. Connolly (Ottawa West): That is true.

Honourable senators will of course appreciate that the problem confronting this industry is not only the competition from imported British woollens. A considerable problem arises by reason of the lighter type of yard goods produced abroad and finding favour in this country. The trend in Canada is toward lighter clothing, principally because of the fact that we are more and more living in overheated houses, riding in overheated cars, and perhaps as often as possible getting away from cold climate. Another aspect of the case is the variety of imported synthetic materials which are becoming more and more competitive with woollen cloth. So the technical and scientific advances made in other countries are making it increasingly difficult for the Canadian industry to survive, particularly when the wage rates in our mills are in keeping with those prevailing in other Canadian industries.

This is a problem which no Government would like to find on its doorstep. It is a most difficult one. If we in the Senate do no more than expose some of the skeletal features of the problem, we shall at least arouse some public interest in a matter which deeply concerns a great many Canadians, particularly in the eastern part of the country.

Honourable senators, I did not intend to speak at this length, but I did wish to make a few remarks on the bill. I again commend my honourable friend from Ottawa East (Hon. Mr. Choquette) for his presentation of the bill.

Hon. Gunnar S. Thorvaldson: Honourable senators, I had not intended to speak in the debate on this bill, but one feature of the discussion prompts me to say a few words. It is the very conciliatory attitude that I find on the other side of the house to suggested increases in the customs tariff on certain items.

There used to be a time when the major political parties became almost hysterical when any changes in the Canadian tariff were involved. I regard it as one of the signs that we in this country are growing up politically, that in recent federal elections we have not had the shadow boxing concerning tariff matters that we experienced from time to time in former days. I recall as a youth that the early elections in western

Canada—say from 1911 on, in times when we were not engaged in a war—were fought nearly exclusively over tariff questions. For myself, I was never able to see any great difference between the effective tariff policies of the two main parties when they were in power. There was often a considerable difference between their views as expressed while in opposition and their actual policies when in office. All one has to do is to examine the record, and one will find that the tariff levels in this country have been pretty much the same, whichever party was in office, from the 1880's until the present time. It is often said that Canadian tariffs were considerably increased during the 1930's, but an examination of the average Canadian customs tariff over the years will show that the increases over the whole field during those years were comparatively insignificant. I think therefore it is a sign of real progress that nowadays the political parties of this country have something more worth while to talk about than whether the customs tariff is protectionist or not protectionist, whether it is high or low; for, I repeat, as I read the tariff history of this country, most of our people, as well as the political parties themselves, have had much the same views in this regard.

Also I feel it to be a very salutary fact that Canada has a Tariff Board in which Canadians generally seem to have a great deal of confidence. I have observed throughout the years that almost everybody is willing to take a realistic attitude in judging the evidence presented to the board and its conclusions.

I am from western Canada. At one time it was freely stated that the West and the Maritimes were advocates of free trade. It is true that some years ago there was considerable demand in both regions for lower tariffs, because it was believed that the central provinces were benefiting unduly from Canadian tariffs at the expense of the West and other parts of the country.

Hon. Mr. Isnor: Hear, hear. Quite true.

Hon. Mr. Thorvaldson: There may have been some truth in that, during those earlier years. It was true that we in the West had to sell our wheat on an export basis, and consequently in a world market, whereas we had to buy manufactured products in a protected market. The Maritimes were very much in the same position. But in this respect times have changed, and one indication of the change is, I think, the fact that, at any rate in western Canada, one can peruse our newspapers for months without finding an editorial on the subject of Canada's customs tariff policies.

One of the main reasons for this change in attitude of western Canadians is that we have obtained from governments other and compensating advantages which have gone a long way to reconcile us to the degree of protection which the central provinces are said to enjoy. At the same time it should be remembered that the West is becoming industrialized. There was a time when that part of our country depended almost wholly on the export of wheat, grain, flour and other agricultural products. But if one looks at the current statistics as regards the industrialization of western Canada, particularly Manitoba and British Columbia, and more recently Alberta, it will be evident that the proceeds from industrial activity are enormous, rivalling if not exceeding the income we derive from the soil.

I was rather interested in the Ottawa *Journal's* editorial with regard to United States trade policies. A few moments ago I remarked that if one examined the average Canadian tariff yearly from the eighteen-eighties until now it would be found that the differentials throughout the years are quite small. Investigation will also disclose that throughout the years, when the American tariff was high, so also was the Canadian tariff, no matter whether Liberals or Conservatives were in power; and that when the United States tariff was low, so also was the Canadian tariff. I submit that the facts are incontrovertible in that regard. In 1920-21 the Fordney-McCumber tariff was instituted in the United States, and we here had to follow the upward process despite the fact that the Liberal party was then in power. Again, when, in 1929-30, United States duties rose enormously, because of the Smoot-Hawley tariff, Canadian tariffs followed in the same direction. So, although I do not say that Canadian tariff policy has been made in Washington, its essential features have been dictated by Washington.

Hon. Mr. Isnor: May I ask whether it is not the fact that negotiations were started by the Liberal party when in power with a view to the lowering of United States tariffs?

Hon. Mr. Thorvaldson: That is so. I believe the tariff history of this country shows that all parties have sought, from time to time, to secure a lowering of American tariff rates. I am sure it is the desire of every Canadian that the policy of our neighbours in respect of their tariff policies should be more and more liberalized, and by none is such a trend more heartily approved than by myself.

As regards the *Journal* editorial, I would like to say that the use of averages in respect of customs duties often gives a distorted

picture of the real facts. I know, for example, that considerable increases in Canadian duties on certain commodities were made in the 1930's, although these increases do not perceptibly reflect themselves when tariffs are averaged. This is one of the points I want to refer to in regard to the editorial, which comments on a speech made by Mr. Loring K. Macy, referring to United States trade policies, Mr. Macy said, for instance:

Approximately 90 per cent of American imports now enter the country at lower tariff rates than in 1934.

Well, we have to take that with a small grain of salt, because the fact is that Americans themselves admit their tariffs have always been as high as Haman's Gallows on commodities involving a substantial labour content. The basis of American tariff-making has always been that in respect of commodities where there is a large labour content of, say, 80 to 90 per cent, which might be considered the maximum, their tariff has been high, practically prohibitive. All Canadians know this has been American tariff policy. It has not been a case of imposing a 10 per cent, 15 per cent or 20 per cent duty, but the Americans have made the tariff so prohibitive that it has kept out of their country any goods which they wanted to manufacture at home. Consequently I say that a statement of the kind referred to means very little, because if you have a 40 per cent tariff and reduce it to 35 per cent, it is still likely to be prohibitive.

The editorial goes on:

While the average rate on all American dutiable imports—

Listen to those words:

—is about 12 per cent, the average for Canadian imports to the United States is now only 6 per cent.

If the statement referred to Canadian dutiable imports into the United States it would mean something, but the fact of the matter is that a tremendous amount of our exports to the United States—I don't know the percentage figures—are non-dutiable items. They are such commodities as pulp, pulpwood and newsprint paper, in which the labour content is very small. As I say, I don't know the figures, but I certainly would guess that from 80 to 90 per cent of Canadian exports to the United States are goods in which the labour content is quite negligible. In this regard I refer also to such other commodities as iron ore, raw copper, livestock, coarse grains, and so forth. That is why I say that when some of the statements in this editorial are examined they do not mean very much.

However, I do not want to be critical of United States tariff policy, because in any event we should be thankful for the fact that in the last few years it has not changed to our disadvantage. I think it may be accepted that President Eisenhower has indeed adopted toward Canada a policy which has been just as generous as he could possibly make it under the political circumstances obtaining in his country. Our great complaint with the United States is—and it is the same complaint that it has always been—that whenever they are saturated with a certain product, such as cattle, hogs, oats or, now, copper and some other base metals, and oil, they apply quotas in respect of exports of these commodities from this and other countries. I think that must be recognized as our main complaint against the United States Government in tariff matters. At the same time we must recognize that that Government is always under enormous pressure from her own producers of these commodities whenever surplus conditions arise. However, the fact is we are continuously faced with the application of these quota methods by the United States to exclude Canadian products at any time when there is overproduction of such products in that country.

Honourable senators, I had not intended to speak this long. I want to say just one or two things about the textile and woollen industries of this country, which were referred to by the honourable senator from Ottawa West (Hon. Mr. Connolly). I feel quite sure from his remarks that there is little difference of opinion on this subject between the honourable gentleman and myself or, indeed, between honourable senators opposite and on this side of the house. It is felt that the textile and woollen industries of Canada must not be allowed to die, and that tariff-wise they should be placed in a position where they can compete on a fair and reasonable basis with exports from foreign countries. I am quite certain that this view is concurred in generally in western Canada, and I hope it is shared also by the people of the Maritime Provinces. We all know what a serious condition we would have faced in 1939, 1940 and during the war years had we not had in Canada a textile industry and a woollen industry. So now, in this uncertain world, even if it should cost consumers in our country something to maintain these industries, I think it must be recognized that as a national policy they must be allowed to live and thrive. I am sure the large majority of the people of Canada concur in this view.

In conclusion, may I suggest there are no high-tariff people in Canada. I don't know

if there are any low-tariff people either. I think the majority of Canadians are moderates when it comes to the question of Canadian tariffs. This has been proven by the fact that over the years no matter what party has been in power in this country Canadian tariffs have remained at substantially similar levels, not only during the last 10 or 20 years but indeed since the national policy was adopted some 80 years ago.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Choquette, bill referred to Standing Committee on Banking and Commerce.

The Hon. the Acting Speaker (Hon. Mr. Pearson) left the Chair.

Hon. Lionel Choquette in the Chair.

LAND USE

REPORT OF SPECIAL COMMITTEE—MOTION FOR ADOPTION—DEBATE ADJOURNED

The Senate proceeded to consideration of the third report of the Special Committee on Land Use in Canada.

Hon. Arthur M. Pearson moved adoption of the report.

He said: Honourable senators, I do not propose to read the report, for it was printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of August 20.

In presenting this report of the Special Committee on Land Use I want to say at the outset that I appreciate the time given to the briefs by the honourable senators of the committee, and their display of interest in this subject. I wish to thank the members of the steering committee for their valuable advice which enabled me to carry out my work. I also would like to thank Dr. M. E. Andle and Dr. C. C. Spence for their work in connection with this report, as well as all those who appeared and presented briefs. I would commend Senator C. G. Power for his work as chairman prior to my taking over the chairmanship of the committee. His ability to organize and get the committee off to a good start certainly was a fine piece of work.

Then, too, I want to pay my respects, and on behalf of the committee to the late Senator C. G. Hawkins, who worked so well on the steering committee. His judgment and advice were always very sound. He attended to his duties in the steering committee in spite of the fact that there were other committees sitting at the same time in which he was very much interested. This showed his keen interest in and devotion to his duties as a senator.

Now, with regard to the report itself. This is the third report of the committee. Your committee felt that it could not yet go into all the details of the various briefs presented, but that it should give a sketch of what has been done since February, 1957.

Land use covers a very wide field for study, if we are to get a true picture of our land resources in this dominion. For that reason, it is difficult to give a report until the subject has been fully covered. May I say that we have had certain reports on soils from a few of the provinces, but not from all of them, and it is felt by the steering committee that until it has a report on soils from all the provinces we cannot really give a final report to the Senate.

The feeling of your committee is that the principal subjects for investigation are soil, forest and water. So far, it appears that there are areas right across Canada which should have been left in their original state of grass or forest, and it might well be that even at this time they should be returned to their original state in order to give the maximum benefit that these areas should show to the various provinces.

On the other hand, owing to different methods of cultivation, this might not be the most advantageous thing to do. For example, it had been the considered opinion that large areas on the prairie should never have been brought under cultivation because of extended periods of drought. However, when that period of dryness ended, and through change of cultivation, those same areas have produced millions in wealth for the farmer and the people of Canada.

Also, owing to economic change and the transition which is taking place in our farm communities, such as the increased size of the farm unit, it is now advantageous to continue to cultivate land which, viewed from former ideas of farming, would ordinarily not be considered good agricultural policy.

Again, there is a problem of loss of agricultural lands through such means as expansion of urban areas, highways and air fields. It may be that in the not too distant future we shall have to give consideration to husbanding of land resources in so far as agricultural lands are concerned. This, however, is just an interim report, and while a great many briefs have been received from men well versed in their various fields, such as land work, agriculture, forestry, fertilization and

land survey, yet from these briefs your committee has found that new problems have actually been brought to their attention and it felt that it could not give any considered opinion until a great deal more study has been given to that particular problem.

Your committee feels that it should concentrate on one phase of land use, such as soil survey, best agricultural practice, water conservation or water drainage and best use of our forests and their products, until it has exhausted that particular phase from one end of the dominion to the other. Only in this way can it bring in a clear and comprehensive report. For that reason, a large part of this report which is now submitted to you is concerned with suggestions for a continuing committee and future study and work.

Hon. Austin C. Taylor (Westmorland): Honourable senators, it was not my original intention to speak at any length at all, nor do I intend to speak at length now. I merely intend to make a few remarks in connection with the work of the committee. Our Vice-Chairman, the honourable senator from Montarville (Hon. Mr. Bois), called me at noon today to say that at one o'clock he was entering hospital for quite a serious operation, and he asked me to present some of his views on this subject to the Senate. I am obliged, therefore, to try to incorporate my own thinking with that of the honourable senator, and if my remarks seem to be a bit disjointed I trust you will bear with me in that respect.

First of all, I should like to express my appreciation to the former Chairman of the committee, the honourable senator from Gulf (Hon. Mr. Power), who organized the committee in the first instance. By reason of his organizing ability and his willingness to take advice from the members of the committee who had had a good deal of experience in agricultural and conservation work, a good start was made. I wish at this time to compliment him on the fine review of the committee's work he gave in this chamber on June 12 last.

I do wish to pay a tribute to the present Chairman, the honourable senator form Lumsden (Hon. Mr. Pearson), who has taken a great interest in the work of the committee, and has in my opinion, shown the ability to carry out his duties successfully. One of the reasons for his excellent work in the committee is that he is a farmer and well informed on this matter of land use. He is aware of some of the special problems in that part of Canada from which he comes.

It may probably be the view of some honourable senators that too much time and effort have been devoted to the field of agriculture. I wish to remind them that the terms of reference are as follows:

> That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it.

To me, the last part of the terms of reference, namely, the production aspect, is not quite so important, because at the present time there are large surpluses of certain agricultural products in Canada, but I believe the time is fast approaching when these will gradually disappear, and that unless something is done for the improvement of agriculture in its various aspects we may in the not too far distant future find ourselves short of these products.

I wish to emphasize that part of the terms of reference which deals with the incomes of those engaged in agricultural production. When this committee was first set up, one of the first things the steering committee considered was the making of a complete study upon which certain basic recommendations could be presented, not only with respect to the present but as projected into the future. It was felt that we should know something of what has been done by the federal Government, and provincial and municipal Governments, farm organizations, and other bodies throughout Canada which have taken an interest in the improvement and development of agriculture and the betterment of land use in Canada. For that reason it was necessary for us to accumulate, through witnesses, all the information possible on the subject. As a result, some thirty to fifty witnesses were heard, and some 350 pages of evidence have been published.

The fact remains that most of our consideration has been given to agriculture and I think I have explained one of the reasons why, but I would like to say also that the committee is not thinking of putting aside the question of land use in other fields of activity—for instance, in forestry—in relation to the national development. We did feel, however, that agriculture is the most important point and that is the reason we have been giving so much attention to it.

The study by the committee has shown, as the honourable chairman has just said, that certain facts have appeared to us as being important. One of these is that we have in Canada a lot of soil that is unproductive, probably because of soil and farming practices which are not of the best. There is the fact, too, that we lack adequate markets

for the products we export. We also have to consider related subjects, such as inefficient farm operations.

In looking over the Dominion Bureau of Statistics figures it will be noted that in the 15 years from 1941 to 1956 there was a reduction in the number of farms in Canada from 732,832 to 575,015. At the same time there was a very slight reduction in the number of acres under cultivation, which indicates that farmers are acquiring larger units. By reason of new techniques and mechanization, we have been able to increase production from those same acres in the same 15 years to the extent of about 31 per cent. And it is well worth noting that the number of people living on farms today is about 16 or 17 per cent less than in 1941.

In a study of this great problem there are many factors which have to be considered, among which are water resources development, depletion of soil fertility, soil erosion, dyking of marshlands in Eastern Canada to keep out salt water, and draining of land in other parts of Canada, which is necessary, I understand, in some sections of every province.

One of the recommendations made to the committee was that a centralized agency be established to give direction to research in respect to land and water use problems. We recognize the need for that, but we are aware that there are many other important problems. We feel at the moment that the committee's job is to tackle studies of land and water use, to study the problems of marketing, production and processing. I could give some examples of what has been done in dealing with this processing problem. There are in Nova Scotia, and I believe also in Quebec, processing plants that in most cases have been established by the producers themselves. For instance, in the apple growing industry windfalls are now being used for the production of apple juice. In the province of Manitoba, if I recall correctly from my visit there of some 10 years ago, the farmers have organized the production of sunflower seeds and have machinery and plants to process that seed into oil and other products.

I think the committee should study also and determine if possible what organization should be established to give leadership to the national program. Industrial uses of agricultural products are another subject that should be given consideration. And in my opinion we should study existing programs for better land use. I would like to give some examples of what I have in mind. In western Canada the provisions of the Prairie Farm Rehabilitation Act are made use of and a number of projects have been started under that legislation. Volunteer organizations of farmers themselves have started programs of conservation and other projects. We have in operation in the Maritimes what are known as Maritime Marshland Reclamation projects, which are altogether different from projects in western Canada. The program down east is to prevent salt water from overflowing our farm land.

Those are projects that I think the committee as a whole should understand completely. One of the points that the honourable senator from Montarville (Hon. Mr. Bois) wished me to bring to the attention of the Senate is this. We feel that if we are to do the job which honourable senators expect us to do, and the job that the farm people of Canada expect us to do, we must not just sit down here in Ottawa and look over some of the programs that have been carried on throughout the country, some of which might be regarded favourably and others unfavourably. We feel that subcommittees should be set up so that they could study projects in various provinces. Some of the projects studied by the subcommittees might prove to be failures and some might be successes, but we should know at first hand the degree of success or the degree of failure of these projects throughout Canada. Furthermore, I submit that such subcommittees should have the opportunity to view at first-hand land use projects in the United States and probably in some other countries.

Now under the rules of the Senate this committee ceases to function when prorogation takes place. Ordinarily, when Parliament is in session the committee might be able to visit various projects, but I doubt it very much. Certainly if a session started in January, the weather would make it impossible for some months to view projects on farms or in farming communities throughout Canada. The necessary authority should be given to some body, whether it be a commission set up as a subcommittee of this Land Use Committee or not, so that some effort at least might be made to develop a program for conducting a complete study, in order that when recommendations are made by this committee they will be based not on hearsay or on evidence that we have heard but on actual sightseeing of what is taking place in Canada. In that way we could be sure that our recommendations were sound.

I do not know whether all senators recognize the magnitude of this undertaking as I do. Because I have farmed and lived on a farm all my life, I know some of the problems connected with farming. I have visited every province except Newfoundland, and I have studied farm problems in those

provinces, and I know that they differ between province and province—that they even differ between one part of a province and another part of the same province, and that even between individual farms problems will differ.

This is truly a tremendous undertaking, the magnitude of which one can hardly visualize. I think it is highly important, dealing as we are with the lives and livelihood of some 700,000 or 800,000 people, that we should give some serious thought to project into the future a plan or a program by which we can better the conditions of our farm people in Canada. That to me is one of the tremendous tasks I see before this committee.

Certain suggestions have been made in relation to legislation. As a matter of fact one organization presented a plan, or rather made a suggestion. Personally I do not think that we are in a position at the moment to recommend what that legislation might be. I think very extensive study might be given to it. But the suggestion has been made—I have made it myself on various occasions—that if we had a national act of general application to land use in Canada, with sufficient flexibility to cover various existing projects, such as the Prairie Farm Rehabilitation Act and the Maritime Marshland Rehabilitation Act and other local projects, it could well serve as a basis for future recommendations on land use in this country.

Honourable senators, I realize that vast areas of our agricultural land are today being utilized for commercial buildings, industrial sites and new residences. It hurts me more than I can say to see good land used for other than agricultural purposes, but there is not much one can do about it. Communities have been established, the population is increasing, and room must be made for programs of expansion. However, I feel strongly that in our future planning great care should be exercised—and I hope this will be one of the recommendations put forward by the committee—to the end that only land not suitable for agriculture will be used for industrial and business purposes.

Some years ago an area of about 23 acres at the north end of Toronto, which had been used during the war by the Department of National Defence, was turned over to the War Assets Corporation for disposal after the war. The land was purchased by two individuals, who were thought at the time to be very unwise, because it was rough and had a deep ravine running through it. But those two men got their heads together, hired heavy bulldozers and other equipment, and levelled the land. Today that is a valuable commercial site in the northern part of Toronto. That I regard as an example of what can be done by exercising care in the choice of land to be used for other than agricultural purposes.

Honourable senators, may I say a few words in relation to farm people themselves? Being a farmer, I am probably as close to their problems as any one here, and I know something of the difficulties they have faced over the years. I know that farmers have become individualistic in their outlook because their particular problems are different from those of other people. We owe them a debt of gratitude and we must do what we can to improve their lot.

If I may be pardoned for doing so, I should like to mention a personal experience to illustrate what I think is a typical case of loyalty and sacrifice on the part of farm people. At the beginning of the last war, 1939 or early in 1940, when the first Victory loan campaign was on, I was asked by the authorities to address a meeting in a rural area of our province. At first I refused, because I knew that over the years, from 1929 up to 1939, by reason of economic conditions farmers were unable to create any capital. Indeed, they had been living off their capital. By that I mean they had allowed the fertility of their soil to go down because they could not afford to buy fertilizer; their buildings had gone into disrepair because they could not afford to keep them in repair and to buy the paint to keep them painted.

However, upon being pressed, I said, "If there is one man in that community who may have a little money to buy Victory Bonds, I will go." I went to the meeting, and I did my best to interpret to those people conditions in Europe and Great Britain. Incidentally, only a few days earlier the York-Sunbury regiment had left the shores of Canada to go overseas. I told my audience it was their duty to help out their country in time of need. I shall never forget an old gentleman who came to me afterwards. He had lost two sons in the First World War, and because of circumstances beyond his control he was then almost penniless. His barn had burned down twice, once by lightning, and his wife had been dead for about two years. He came to me and, calling me by my first name, said, "I will raise $100 if I have to sell some of the things out of my home." As he said it, tears were streaming down his face. That was the type of loyalty to be found throughout the rural areas during those war years when only the older men and women were left to run the farms.

I recall another occasion on which I was to address a farm group. I arrived about an

hour before the meeting and went to the farm of a chap I knew to pay him a visit. There was no one in the house, so I went to the barn, where I found the farmer and his wife—people then of about 65 or 70 years of age—milking a fine herd of Jersey cows, 28 of them, and doing it all alone. Their two sons had enlisted in the war. I said to the mother, who was a frail little thing, "Isn't this work too much for you?" She looked up at me with a smile and said, "This is one job I can do, and I am happy to do it."

That is typical of the spirit of sacrifice and devotion among farm people all across this country. Therefore, I say we as a body should do all we can to help farm people. They are the great stabilizing influence of our nation. One never hears about strikes or other labour troubles among farmers. I repeat that we owe the farmers a debt of gratitude for what they have done for the country over the years. I hope the Land Use Committee, when it presents its final report, will be able to offer to them a plan which will improve their position economically, and that they will be a happier people because of it.

On motion of Hon. Mr. Connolly (Ottawa West), for Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned until Monday, August 25, at 8 p.m.

THE SENATE

Monday, August 25, 1958

The Senate met at 8 p.m., Hon. Lionel Choquette, Acting Speaker in the Chair.

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following report:

Report of the Defence Production Department for the year ended December 31, 1957. (French text).

STANDING COMMITTEES

NOTICE OF MOTION FOR AMENDMENT OF RULES

Hon. W. M. Aseltine: Honourable senators, I give notice of motion to amend Senate Rules 78 and 79.

[*Later:*]

Hon. David A. Croll: As we have some time on our hands, would the honourable Leader of the Government (Hon. Mr. Aseltine) care to state the contents of the proposed amendment to Rules 78 and 79?

Hon. Mr. Aseltine: If it is the wish of the Senate, I have no objection.

Hon. Senators: Agreed.

Hon. Mr. Aseltine: As honourable senators know, on the opening day of each session a committee is set up for the purpose of selecting members to serve on the various standing committees. Usually the report of the Selection Committee is adopted, and then a meeting of all the standing committees is held for the purpose of choosing their respective chairmen. Rule 78 lists the various standing committees and the number of senators composing each of them, and Rule 79 states that the majority of the members of any committee constitutes a quorum. About all that these committees do at their first meeting is to decide to bring in a report to the Senate recommending that their quorums be reduced to a certain number of members. The rule of the House of Commons which is similar to our Rule 78 is Standing Order 65, which provides for the setting up of their standing committees and the fixing of their quorums. For example, the standing order provides that the Banking and Commerce Committee of the House of Commons shall consist of 50 members and that 15 members shall constitute a quorum.

The idea behind the proposed amendment, which I have discussed with the honourable Leader of the Opposition (Hon. Mr. Macdonald), is to delete both Rules 78 and 79 and substitute therefor new Rules 78 and 79. The new Rule 78 would read as follows:

78. The standing committees shall be as follows:

Then it goes on to state the number of members of each committee and the number which would constitute a quorum. For example:

The Committee on Banking and Commerce, composed of 50 senators, 9 of whom shall constitute a quorum.

If Rule 78 is amended as proposed in this notice of motion, it will no longer be necessary for each of the standing committees to make their first report at the beginning of the session recommending a reduction in their quorum.

The new Rule 79 would simply read as follows:

79. Every standing or special committee meets, if practical, on the next sitting day after appointment and chooses a chairman.

EXCISE TAX BILL

COMMITTEE AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the Standing Committee on Banking and Commerce to Bill C-44, to amend the Excise Tax Act.

Hon. W. M. Aseltine: Honourable senators, perhaps I should make an explanation of the reason why I asked on two previous occasions that this report stand. The reason was that there seemed to be some differences of opinion among the members of the committee as to whether "*prima facie* evidence" or "*prima facie* proof" was the proper expression to use under the circumstances. Another reason was that no officers of the Department of Justice were present at the meeting of the committee to express their views. However, in my opinion the proper way to settle this question is to amend the Canada Evidence Act, and I am therefore not continuing my objection to the amendment at the present time.

Hon. John J. Connolly (Ottawa West): Honourable senators, on behalf of the honourable senator from Toronto (Hon. Mr. Hayden), Chairman of the committee, I move concurrence in the amendment.

I would like to say a word about this matter. I know the honourable senator from Toronto felt that the wording in the bill should be "*prima facie* evidence" rather than "*prima facie* proof".

We have debated this question previously. It is not very important in some respects. It is a technical matter, a matter of detail, of interest to lawyers perhaps more than to anyone else. There have been times within

the last four or five years when we have used one expression in certain legislation and the other expression in other legislation. About a year ago the point arose on a measure I was interested in or was explaining, and we spent some considerable time in discussing which was the proper phrase. At that time, officials of the Department of Justice took a strong stand that the wording should be as it now appears in the bill. In any event, they said that through usage the two expressions had perhaps come to mean the same thing. There is authority in the *Canadian Encyclopaedic Digest* for the proposition that they do in practice have the same meaning. The senator from Toronto does not hold that view. He thinks the words mean what they say, and that "*prima facie* evidence" is the appropriate expression in this instance.

I agree with the suggestion of the honourable leader of the Government that we should come to grips with the question by deciding on an amendment to the Canada Evidence Act to clarify the point.

Hon. W. Ross Macdonald: Honourable senators, this matter was discussed fully in committee before the change was approved. Although all members of the committee were not of one opinion with respect to the advisability of the change, no one was strongly opposed to it. If I recall correctly, when the vote on the amendment was taken it carried unanimously. The honourable Leader of the Government is no doubt correct when he states that this matter was not at that time discussed with the officials of the Department of Justice; but my memory is that it was discussed on previous occasions, and the officials then agreed that the word "evidence" should be used in place of "proof". In any event, honourable senators, when this amendment was discussed in committee, no one voted against it.

Hon. Gunnar S. Thorvaldson: Honourable senators, there is perhaps one further point that might be mentioned at this time.

I have taken the stand throughout that there is really no practical difference between "*prima facie* evidence" and "*prima facie* proof". However, I understand that the Conference on Uniformity of Legislation in Canada and the Canadian Bar Association have decided that the words "*prima facie* proof", as used in the bill, are more appropriate to the situation at hand than are any other words, and these organizations have recommended that the various provincial legislatures and the Parliament of Canada should adopt the phrase used in the original bill.

Now, that is my information. However, I think we are all agreed that there is so little difference between the two expressions that it is hardly worth any controversy. Consequently, I am quite in agreement with the proposed change—I take that stand now even if I was one of those who urged the adoption of the words as they appeared in the bill originally—and I concur in the amendment.

Motion agreed to.

THIRD READING

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

Hon. Mr. Emerson: Honourable senators, I move third reading now.

Motion agreed to, bill read third time and passed.

BUSINESS OF THE SENATE

Hon. W. M. Aseltine: Honourable senators, we are practically at the end of the proceedings for today. I am disappointed that certain bills have not yet reached us from the House of Commons. I fully expected that the bills with respect to broadcasting, the amendment to the Customs Act, the South Saskatchewan Dam Agreement, citizenship, and other measures would have been before us now, at least for first reading, but they have not arrived. There remain on our Order Paper only the answers to two inquiries, the third reading of the National Capital Bill, and the adjourned debate in connection with the report of the Special Committee on Land Use in Canada.

HON. MR. GOLDING

FELICITATIONS ON RETURN TO SENATE CHAMBER

Hon. Joseph A. Bradette: Honourable senators, I know we are all happy that our honourable colleague from Huron-Perth (Hon. Mr. Golding) is with us again this evening. He is a great parliamentarian, and his advice and speeches have always been highly regarded both in the House of Commons and in the Senate.

Senator Golding was first elected to the House of Commons in 1932, and I was fortunate enough to be his deskmate from that time on while we were together in that house. As an English-speaking Protestant member from the old province of Ontario he was very familiar with the fine qualities of those people, and his knowledge in this respect enriched my life. I want to pay him a special debt of gratitude. During the last war I was Deputy Speaker of the House of Commons. At that time there was no assistant to that office, but I was extremely fortunate

in having the wonderful services of the honourable gentleman from Huron-Perth, whose wide knowledge of parliamentary procedure was of great help to me. These things cannot be forgotten. I know I am expressing the sentiment of all of us here when I wish him full recovery and express the hope that he will be present with us for many, many years in this forum, where his talents are deeply appreciated.

Hon. Jean-François Pouliot: Honourable senators, I am very glad to second what has just been said by the honourable senator from Cochrane (Hon. Mr. Bradette). He has exaggerated nothing. Senator Golding is the salt of the earth. I have known him for years. I knew him in the House of Commons and I visited his constituency, and I remember with delight the fine meetings that we had at Grand Bend, in Huron County. There I saw what affection Senator Golding's constituents had for him. He is a true honest Grit of the province of Ontario. I cannot pay him a greater compliment. He follows in the tradition of Mowat and all the great leaders of his party in that province. I remember how nice Senator Golding was to me when I was in the House of Commons arguing difficult matters and he was chairman of the Committee of the Whole. He was fair, as was Senator Bradette, his predecessor.

I take this opportunity, honourable senators, to tell you once more that the greatest reward we can have in politics here in Ottawa is the making of friends, friends who come from all over the country, who are fine gentlemen like Bill Golding has always been, and who have a high sense of duty. Senator Golding has another quality that I shall not overlook, and that is tolerance. He is fair and tolerant and in that connection he may be quoted as an example to all. His return to this chamber is a pleasure to all of us. He is welcome here. When he was not here he was missed. His health is better now and he will continue to be one of our most assiduous colleagues. I wish good health to him and all members of his family.

Hon. William H. Golding: Honourable senators, I certainly would like to take this opportunity to express to my two friends who have just spoken my appreciation of the kind words they have used in reference to me. As they have said, we were good friends in the House of Commons for many years and I found their friendship was most valuable, as did many others in the House of Commons. I certainly have appreciated the years I have spent in the House of Commons and the Senate. I want particularly to thank those who wrote to me and those who inquired about my health, and I think that takes in everyone here. I am deeply grateful to honourable senators for the lovely flowers they sent me at the hospital. That sort of thing certainly gives a person a lift when he is feeling a bit down. No words of mine can ever truly express the appreciation I feel toward the members of this house for their kindness. A person does not forget these things.

I may say that during all the years I have spent in public life—some 20 years in municipal affairs followed by 26 years in the House of Commons and the Senate—I have always tried in a humble way to give my best service. After all, I think that is the best one can do.

Again I want to thank you all for your kindness. I am certainly glad to be back with you again.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, August 26, 1958

The Senate met at 3 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

ADDRESS BY DR. W. KAYE LAMB

NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, I must take you into my confidence. I promised the honourable Leader of the Government (Hon. Mr. Aseltine) that in order to expedite business and not to delay prorogation of Parliament I would ask no more questions this session.

Some Hon. Senators: Hear, hear.

Hon. Mr. Pouliot: Thank you for your applause. But, honourable senators, I have a question for the first day of next session, and it is as follows:

For a copy of the text of the address delivered by Dr. W. Kaye Lamb, Dominion Archivist and National Librarian and Vice-Chairman *ex officio* of the Public Records Committee for the Destruction of Official Documents, in which he was reported to have said at a meeting of the Canadian Historical Society, held at Edmonton on or about June 7 ult., that existing biographies of Canadians could be counted on the fingers of one hand.

PRAIRIE AGRICULTURAL PRODUCERS, GRANTS

INQUIRY AND ANSWER

Hon. Calvert C. Pratt made the following inquiry of the Government, pursuant to notice:

That he will request the Government, through the Honourable the Leader of the Government in the Senate, to place before the Senate a tabulated statement setting forth the amount of yearly federal payments by way of money grants, subventions and other forms of direct assistance to grain growers and other agricultural producers in the three Prairie provinces and itemized by provinces during the period from 1930 to 1958.

Hon. W. M. Aseltine: Honourable senators, in answer to the honourable gentleman's inquiry I present a statement indicating payments by way of grants, subventions and other forms of direct assistance in so far as the Department of Agriculture is concerned.

For statement, see appendix to today's Hansard, *pp. 679-81.*

LAND USE

REPORT OF SPECIAL COMMITTEE ADOPTED

The Senate resumed from Friday, August 22, the adjourned debate on the motion of Hon. Mr. Pearson for adoption of the third report of the Special Committee on Land Use in Canada.

Hon. W. Ross Macdonald: Honourable senators, it was impossible for me to be here last Friday afternoon when the adoption of this report was moved by the honourable senator from Lumsden (Hon. Mr. Pearson). However, I have had an opportunity to read the two excellent addresses which were made that afternoon, one by the honourable senator from Lumsden and the other by the honourable senator from Westmorland (Hon. Austin C. Taylor). It was very fitting that both should commend the honourable senator from Gulf (Hon. Mr. Power) who was the first chairman of the committee, which was set up in February 1957, and under whose direction the committee was organized and the general method of procedure adopted. Since the resignation of the honourable senator from Gulf as chairman the committee has carried on under the able leadership of the honourable senator from Lumsden.

The problem which faces the committee is a most difficult one, particularly because, as was pointed out the other day, land considered unsuitable for general agricultural purposes today may tomorrow be found suitable for the growing of some particular product. For instance, the county of Norfolk, Ontario, so well represented here by the Honourable Senator William H. Taylor, contains a considerable area of light, sandy soil which for many years produced only jackpine and other scrub growth. The land was long thought to be useless for cultivation. But today vast acreages of what was formerly considered substandard soil are now producing valuable crops of tobacco, with the result that a large portion of southwestern Ontario, including parts of the counties of Oxford, Elgin and Norfolk, have been transformed into a very prosperous area. I cite that as one instance where soil that was considered useless for cultivation was eventually used to produce a valuable crop for the benefit of the whole country.

Hon. Mr. Lambert: May I ask the honourable senator if the federal authority had anything to do with the transformation of Norfolk county from a non-productive economy to its present prosperity by reason of the growing of tobacco? If I am not mistaken, the change was brought about by efforts of the provincial Department of Agriculture and the county agents in that area, and the federal authority had nothing to do with it at all.

Hon. Mr. Macdonald: I did not intend to give credit to the federal or the provincial or the county authorities for what was done in bringing this area into production. I merely cited the instance to demonstrate one of the difficulties which this committee must face. My point is that a section of Canada

which today is considered non-productive may tomorrow be found productive for a special purpose. This has taken place in the parts of Ontario I mentioned. If the development is due to efforts of the province of Ontario, the county of Norfolk and other counties, I am glad to give them the credit which is theirs. The fact is that the committee has a very difficult problem to decide what should be done with land which, though substandard today, may be productive tomorrow. That is the only point I am endeavouring to make in this regard.

The honourable senator from Lumsden referred to certain lands which at one time were thought to be unsuitable for production because of long periods of drought to which they were subject, but which, since the period of dryness ended, and through changes in methods of cultivation, have yielded produce worth millions of dollars. He also spoke of areas which, while divided into small farms, were not economically sound, but when consolidated into larger units became valuable farming territory. What could not be operated profitably in small parcels became economically valuable when operated with other land. In this connection I was interested in the remarks of the honourable senator from Westmorland, who pointed out that in the 15 years from 1941 to 1956 the number of farms in Canada was reduced from 732,832 to 575,015, but with only a slight reduction in the number of acres under cultivation. That is to say, although there were about 180,000 fewer individual farms, the number of acres under cultivation had decreased very little. He also pointed out that in the same period, even though there had been a decline of 16 or 17 per cent in the farm population, production from the same acreage had increased by about 31 per cent. In short, if I correctly followed his remarks, there are more acres under cultivation, fewer farms, and from 16 to 17 per cent less people living on the farms.

Hon. Mr. Aseltine: As a result of mechanization?

Hon. Mr. Macdonald: Well, I think the honourable senator from Westmorland mentioned two causes. One was improved methods of farming; and I suppose in that connection we should give credit to our agricultural colleges, which so many of our young farmers are able to attend. I shall not name these colleges individually; indeed, I could not do so; but I know that the Ontario Agricultural College at Guelph, in my own district, is rendering a splendid service to the whole dominion, and, indeed, beyond Canada as well, for among the students are agriculturists from most of the other countries of the world, who are receiving splendid training and taking their knowledge back home to make farming more profitable in their own countries. These agricultural colleges are rendering a splendid service to young men and women who take the opportunity of finishing their farm education there.

The honourable Leader of the Government (Hon. Mr. Aseltine) made some reference to the increased use of modern farm equipment. As I have given credit to the colleges I should give credit also to the farm implement manufacturers.

Hon. Mr. Aseltine: Of Brantford?

Hon. Mr. Macdonald: My honourable friend has mentioned the city of Brantford. I am proud to say there are two farm implement manufacturing companies in that city. I hesitate to mention two companies and not others, but as the honourable gentleman mentioned my own city I am forced to say that in Brantford we have one of the largest branches of the Massey-Ferguson Company. We have also the head office of Cockshutt Farm Equipment Limited.

Hon. Mr. Lambert: Now under a British company.

Hon. Mr. Macdonald: I will put it this way. It is a company in which a British organization now has a considerable interest.

Hon. Mr. Brunt: The British company is seeking control by asking for the election of two extra directors.

Hon. Mr. Macdonald: I am not well informed with respect to the financial pages of the newspapers, where no doubt my honourable friends get their information. I want to say that both these companies have done a lot of research work toward developing first-class equipment that will produce more crops with less work. Those who come from farms are more familiar with this machinery than I am but I think they will agree that in recent years there has been quite an improvement in labour-saving farm equipment. It has certainly enabled farmers to produce more crops. I have sometimes thought the discussions that take place between farmers and implement manufacturers are not well founded, for both the farmer and the farm implement worker are engaged in the same business, that of producing crops and dairy products. The implement worker has not got time to harvest crops and the farmer is not in a position to manufacture farm implements, but they are really working together to produce more crops. In modern times the implement worker has contributed greatly to increased farm production.

I was pleased that the committee gave consideration to the problem involving the use of good agricultural lands for the development of urban areas, highways, air fields, and so on. It was suggested the other day that the committee might, in the not too distant future, have to give consideration to the husbanding of land resources in so far as agricultural lands are concerned. Well, I do not think we have much time to spare, for a great deal of good agricultural land, especially fruit-growing land, has already been transferred to non-agricultural uses. The problem is a difficult one. A farmer owns a beautiful farm land, growing peaches, plums, apples and pears, or a vineyard, and an industry comes along and offers him a big price for his land. Who is to say he shall not sell it? That will be a very difficult problem for this committee, even if it considers it in the near future. It occurs to me that our highways department should think twice before running roads through beautiful fruit-growing or other farm lands, especially wide highways of four or five or six lanes, with junctions, whereby so much land is taken up and lost to agriculture for ever. There is not an unlimited amount of good farm land in Canada. It is very sad to go into certain parts of Ontario—for instance, between Toronto and Hamilton, and Hamilton and Niagara Falls—and see so much of this kind of land covered with houses, or taken up by industry, or traversed by wide highways.

Honourable senators, in closing I want to commend the committee for the splendid work it has done. The committee recommends that its work should be continued in the future. I quite agree with that. It has been suggested that the committee should hold meetings not only in Ottawa but in various parts of Canada. I am in accord with that also. I feel, however, that before doing so the committee should bring its proposal directly to this house, and that the house should think twice before giving the committee blanket authority to sit at any time at any place. About three years ago the Special Committee on the Traffic in Narcotic Drugs sat in Vancouver, but the house gave the committee authority to do so. If there is to be a proposal that this Special Committee on Land Use sit outside of Ottawa we should know where the committee expects to sit. I think that in such circumstances the committee would want the house to know just what it planned to do.

Another suggestion has been that the committee should sit between now and the next session of Parliament. I think that would be an innovation; I do not know if it has ever been done before.

Hon. Mr. Aseltine: It cannot be done.

Hon. Mr. Macdonald: The Leader of the Government says it cannot be done. If it is to be done I think the house should give very careful consideration to it after the committee itself has done so.

Hon. Mr. Aseltine: Doesn't a committee become a nonentity the moment Parliament prorogues?

Hon. Mr. Macdonald: When Parliament prorogues every committee is automatically terminated, but a commission, I take it, could be set up.

Hon. Mr. Aseltine: It would have to be a royal commission.

Hon. Mr. Macdonald: I am not sure. It might have to be a royal commission, composed of members of this house, or a royal commission composed of members of both houses. The honourable senator from Ottawa West (Hon. Mr. Connolly) has mentioned to me that we once had a committee that sat after prorogation to consider certain changes in this chamber. That was an unofficial committee—shall I put it that way?

Hon. Mr. Lambert: It never sat.

Hon. Mr. Connolly (Ottawa West): Oh, yes, it did.

Hon. Mr. Macdonald: The work was done, in any event, but I do not think the committee actually had power to sit when the house was not in session. I believe the house just asked us to supervise the work which had been authorized while the house was in session.

Hon. Mr. Brunt: Just a body of senators.

Hon. Mr. Macdonald: Honourable senators, I want to say that I commend highly the work which this Committee on Land Use has done up to the present time. There are big problems ahead of it, and I am very pleased to say that the members of the committee are not afraid to tackle them.

Hon. John A. McDonald: Honourable senators, I have no speech prepared and I will be brief. I would like to take this opportunity to emphasize the importance of carrying on the good work which has been so well begun by this Land Use Committee.

If I may be excused for saying so, perhaps I can help honourable members of this house to understand something of the work that is still before this committee by suggesting, for instance, what has to be done in my own province. I give it as an example because I know the conditions there better than in some other parts of Canada.

I do not need to speak on the committee's report, because the honourable Chairman of the committee (Hon. Mr. Pearson), the honourable senator from Westmorland (Hon. Mr. Taylor) and the honourable Leader of the Opposition (Hon. Mr. Macdonald) have covered the ground very well, but I feel that if I can bring home a little more clearly to the honourable members of the house what is necessary still to be done, it might be of some use.

I think that, in order to help solve the very important problems to be dealt with by the Land Use Committee, its members might wish to study what has been accomplished in Nova Scotia and what still remains to be accomplished there. They might wish to see what has been done in the reclamation of lost land in that province as well as in the neighbouring province of New Brunswick. They might also wish to study the soil survey work that has generally been carried on in Nova Scotia. And while in the province they might wish to visit leading farmers and farm organizations, as well as leaders in education on agriculture, and soil chemists and other technicians. I am glad the honourable senior senator from Ottawa (Hon. Mr. Lambert) suggested this afternoon that we owe a great debt to technical experts in the provinces for what has already been accomplished. Having had some considerable experience with trained Government officials, both dominion and provincial, I can say that although perhaps the farmers of Canada are not doing things nearly as perfectly as they should, their efforts would have been much less perfect but for the assistance of these able specialists. I hope that our Governments, both federal and provincial, will see to it that no more of these very valuable men are lost to Canada because perhaps of unsatisfactory salaries or working conditions. It is very, very important to the future welfare of agriculture in Canada that we keep these technicians—able men, and women too, that they are—in our employ.

If a visit is made to the province of Nova Scotia by this special committee—or by a commission appointed by Order in Council to sit after the committee has expired at the close of the session—it should, I think, have meetings in at least four or five places. I have no authority to say this; I am merely suggesting, out of my own experience, what I think should be done. I think that a meeting should be held at the Experimental Farm at Kentville, another at the Experimental Farm at Nappan or at the Agricultural College at Truro, and another at Antigonish, where we have a very loyal body of people associated with the Extension Division of St. Francis Xavier University who have given great aid to primary producers, especially in the eastern part of Nova Scotia. I would say that there should be a meeting also on the Island of Cape Breton, at some such centre as Mabou.

Perhaps from what I have said honourable members will get an idea of what a vast amount of work remains to be done if this committee is going to accomplish what it was set up to do.

I would like just to mention a couple of other matters which are very important to the primary producers of this country, and it should not be necessary to await the decisions of this committee before action is taken on them. One of these matters has been dealt with to a considerable extent in both this house and the other place during the present session. I refer to farm credit. The technique in farming today requires the use of expensive equipment, and the farmer must be able to work a sufficient acreage to employ this equipment during enough days in the year to justify the heavy cost. In many cases this means that, besides laying out considerable money for equipment, he must acquire additional land. Many lending organizations, which have done very well the job that they were set up to do, say, 25 years ago, cannot adequately serve the present-day farmer who has to make very heavy expenditures.

Another point, which I brought up here a short time ago, is that the provisions of the Prairie Farm Rehabilitation Act, and also the crop insurance provisions in the legislation applying to western farm lands, should be made applicable to farms all over Canada.

In my opinion these two matters are very important and there is need of dealing with them very soon. I was glad to hear a short time ago that the Government is giving attention to them at the present time and I hope that action will not be delayed. Perhaps the Leader of the Government in the Senate (Hon. Mr. Aseltine) will convey to the appropriate ministers that we think—if there are other members here who agree with me in this matter—it is necessary to have these matters dealt with promptly.

Honourable senators, I trust that the Land Use Committee will have an opportunity to complete the work that it was originally set up to do.

Hon. Mr. Burchill: Honourable senators, I would like to ask a question of my honourable friend from Kings (Hon. Mr. McDonald). In his opinion, if the prices of farm products were of the order that would justify farmers in growing produce—in other words justify

farmers in carrying on their business—would the land problem in Nova Scotia not solve itself?

Hon. Mr. McDonald: There are today very many successful farmers in all provinces of Canada. Unfortunately a number of young farmers starting out find it difficult to get the financial aid that they need in order to secure sufficient acreage and the expensive equipment needed to farm successfully today. With the help of our agricultural colleges in spreading agricultural education and with the help of technicians, the farmers have greatly improved their position and I am glad to say that many of our better farmers are in a much stronger position today than they have been in years gone by.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. W. M. Aseltine: Honourable senators, the legislation that we were expecting has not yet arrived from the other place, and I propose to move that the Senate adjourn until tomorrow. Before doing that I would like to say that the Standing Committee on Banking and Commerce will meet tonight at 8 o'clock to consider two bills, the Customs Tariff Bill and the Income Tax Bill, and that tomorrow morning at 10.30 the same committee will meet to try to finish its work on the Estate Tax Bill. It is possible that the Broadcasting Bill and some other legislation will have been sent over here from the Commons by tomorrow afternoon.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(See p. 674)

Answer to inquiry by Hon. Calvert C. Pratt.

GRANTS AND SUBSIDIES PAID TO FARMERS
by the federal Department of Agriculture.

PRAIRIE PROVINCES, FISCAL YEARS 1930-31 TO PRELIMINARY 1957-58

	1935-36[a]				1936-37			
	Man.	Sask.	Alta.	Total Prairies	Man.	Sask.	Alta.	Total Prairies
	—thousand dollars—							
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	—	4	1	5	24	48	23	95
Unemployment and Agricultural Assistance Act								
Feed, fodder and direct relief in drought areas of the Prairies	—	—	—	—	[b]	[b]	[b]	3,149
Total				5				3,244

	1937-38				1938-39			
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	41	144	45	230	141	244	34	419
Unemployment and Agricultural Assistance Act								
Feed, fodder and direct relief in drought areas of the Prairies	[b]	[b]	[b]	20,821	[b]	[b]	[b]	8,113
Purchase and distribution of foodstuffs in drought areas of Sask. and Alta.	[b]	[b]	[b]	713	[b]	[b]	[b]	222
Appropriation Acts								
Land settlement assistance	[b]	[b]	[b]	191	[b]	[b]	[b]	356
Livestock freight assistance in drought areas of Sask. and Alta.	—	—	—	—	—	46	8	54
Total				21,955				9,164

	1939-40				1940-41			
Prairie Farm Assistance Act [c]								
Net awards	571	6,231	685	7,487	259	4,233	—	4,219
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	57	162	20	239	218	373	62	653
Unemployment and Agricultural Assistance Act								
Feed, fodder and direct relief in drought areas of the Prairies	—	1,545	—	1,545	—	—	—	—
Appropriation Acts								
Land settlement assistance	—	250	5	255	—	49	1	50
Distribution of butter in drought areas of Prairies	[b]	[b]	[b]	715	—	—	—	—
Total				10,241				4,832

	1941–42				1942–43			
	Man.	Sask.	Alta.	Total Prairies	Man.	Sask.	Alta.	Total Prairies
	— thousand dollars —							
Prairie Farm Assistance Act [c]								
Net awards	—	11,299	3,059	14,053	No payments required			
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	57	262	26	345	19	114	7	140
Appropriation Acts								
Prairie farm income payments	2,863	9,214	4,222	16,299	129	1,100	1,449	2,678
Wheat acreage reduction	3,835	16,669	9,150	29,654	3,917	13,908	6,701	24,526
Total				60,351				27,344

	1943–44				1944–45			
Prairie Farm Assistance Act [c]								
Net awards	—	2,294	1,234	2,764	—	—	1,421	592
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	29	82	16	127	84	259	22	365
Appropriation Acts								
Prairie farm income payments	1	10	8	19	—	2	—	2
Wheat acreage reduction	4,582	16,251	9,269	30,102	132	841	734	1,707
Hog freight assistance	[b]	[b]	[b]	111	[b]	[b]	[b]	12
Sugar beet pulp	26	—	—	26	—	—	—	—
Total				33,149				2,678

	1945–46				1946–47			
Prairie Farm Assistance Act [c]								
Net awards	—	10,564	3,523	13,542	—	6,502	—	6,502
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	76	394	52	522	100	474	36	610
Appropriation Acts								
Wheat acreage reduction	42	131	224	397	—	1	1	2
Guaranteed return on forage crop seeds	[b]	[b]	[b]	81	[b]	[b]	[b]	105
Total				14,542				7,219

	1947–48				1948–49			
Prairie Farm Assistance Act [c]								
Net awards	—	10,641	1,752	12,118	—	8,113	459	8,572
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	37	165	32	234	3	—	—	—
Appropriation Acts								
Freight assistance on feeder cattle and lambs	[b]	[b]	[b]	13	[b]	[b]	[b]	5
Total				12,365				8,577

	1949–50				1950–51			
	Man.	Sask.	Alta.	Total Prairies	Man.	Sask.	Alta.	Total Prairies
	—thousand dollars—							
Prairie Farm Assistance Act [c]								
Net awards	—	10,848	3,827	14,675	—	1,718	2,313	4,031
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	67	693	129	889	17	299	109	425
Grant to wheat producers in Western Canada	—	—	—	—	[b]	[b]	[b]	65,000
Total				15,564				69,456

	1951–52				1952–53			
Act for the Control and Extirpation of Foot and Mouth Disease								
Compensation	—	159	—	159	—	—	—	—
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	—	—	29	—	49	138	12	199
Total				159				199

	1953–54				1954–55			
Prairie Farm Assistance Act [c]								
Net awards	—	—	—	—	2,875	6,238	441	9,554
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	49	125	26	200	23	107	78	208
Total				200				9,762

	1955–56				1956–57			
Prairie Farm Rehabilitation Act								
Individual dugouts, stockwatering dams and irrigation	5	39	51	95	9	64	55	128

	Preliminary 1957–58			
Prairie Farm Assistance Act [c]				
Net awards	1,342	9,355	4,891	15,588
Prairie Farm Rehabilitation Act				
Individual dugouts, stockwatering dams and irrigation	24	168	90	282
Total				15,870

[a] Between 1930–31 and 1935–36 there were no subsidies or grants paid exclusively in the Prairie provinces.

[b] Provincial breakdown not available.

[c] Net amount paid to farmers in the crop year. Provincial figures do not necessarily total the expenditure shown for Canada, as in some years the levy collected in a province exceeded the total awards paid therein, decreasing the total for Canada by the amount of the excess.

THE SENATE

Wednesday, August 27, 1958

The Senate met at 3 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

BROADCASTING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-55, respecting broadcasting.

Bill read first time.

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

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Léon Méthot moved that the bill be read the second time now.

He said: Honourable senators, this bill will repeal the Canadian Broadcasting Act and will create a new act which will, firstly, establish an independent regulatory body which will have authority over both the Canadian Broadcasting Corporation and private television and radio, and will have general supervision over all stations in Canada; secondly, it will create a Canadian Broadcasting Corporation which will continue to maintain and operate our national service.

In accordance with the existing act respecting broadcasting a corporation known as the Canadian Broadcasting Corporation was created, and this corporation had at the same time the duty to carry a national broadcasting service within Canada and to control the private stations all over Canada. This act will be repealed by the present bill, which will come into force by proclamation of the Governor General.

The purpose of the new act can be divided into four points: 1. the establishment of a Board of Broadcast Governors to ensure the continued existence and efficient operations of the national broadcasting system, and to regulate the establishment and operation of networks of the broadcast system; 2. the creation of a staff of officers and employees necessary for the proper conduct of the business of the board; 3. the establishment of a Canadian Broadcasting Corporation for the purpose of operating the national broadcasting service; 4. the creation of a staff for the conduct of the business of the corporation.

According to section 3 of the bill, the Board of Governors appointed by the Governor in Council will consist of three full-time members holding office during good behaviour for a period of seven years, and 12 part-time members holding office during good behaviour for a period of five years. The full-time members shall be paid a salary fixed by the Governor in Council. The part-time members shall be paid a fee of $100 per day each while attending a meeting of the board.

This board will make regulations respecting times, standards and character of programs, and prescribe the terms and conditions for operation of broadcasting stations.

An order of the board for the suspension of a licence may be appealed to the Exchequer Court of Canada.

Officers and employees necessary for the proper conduct of the business of the board will be appointed under the provisions of the Civil Service Act.

Under Part II, a corporation known as the Canadian Broadcasting Corporation will be established, and will consist of a President, a Vice-President, and 9 other directors, appointed by the Governor in Council. The President and Vice-President shall be appointed to hold office during pleasure for a period of seven years. They are executive officers charged with duties for which the Government will be responsible. The other directors shall be appointed to hold office during good behaviour for a period of three years.

This corporation is established for the purpose of operating our national broadcasting service.

The corporation may, on its own behalf, employ such officers and employees as it considers necessary for the conduct of its business. Any director, officer or employee of the Canadian Broadcasting Corporation who was an employee within the meaning of the Civil Service Act retains and is eligible to receive all the benefits, except salary as a civil servant, that he would have retained or been eligible to receive had he remained under the present Canadian Broadcasting Act.

The regulations made under the present Canadian Broadcasting Act, and in force at the coming into force of this act, shall continue in force until repealed or altered by the Board of Broadcast Governors.

The existing corporation and the corporation to be established by this act are declared for all purposes to be one and the same corporation.

Honourable senators, I think I have outlined the main points of this measure. If there are questions concerning the various sections of the bill I will do my best to

answer them. The appropriate Government officials will be available to give a detailed explanation if the bill goes to committee.

Hon. David A. Croll: Honourable senators, I wish to thank the sponsor of the bill (Hon. Mr. Méthot) for outlining its purposes and giving us a résumé of what it contains. Despite the fact we have had the bill before us since only yesterday, we are not unaware of what its purpose is and what it contains. Frankly, I have been a long-time supporter of the C.B.C. and I believe the key TV channels should be used in the public interest. The C.B.C. has done an excellent job in the field of information, entertainment and culture, and it has increased the desire of Canadians for good music, drama and literature. It has done more than that. It has developed Canadian talent, which is much appreciated at home and abroad.

In speaking of the Canadian Broadcasting Corporation it would only be right and proper to say that Davidson Dunton, former Chairman of the corporation's Board of Governors, by his devotion, understanding and integrity, contributed much to make the C.B.C. what it is today. He always stood up to whatever Government was in office for what he believed to be in the best interests of the C.B.C. This country owes him a considerable debt.

I am one of those who believe that TV must remain the property of the people, to be developed and controlled by the people, and not handled like TV across the border, which is being developed and controlled by the promoters of breakfast foods, soap, cigarettes, cosmetics and what have you. Broadcasting is one sector of our national life that needs continuing public control. It was in 1932 that we decided to have a national broadcasting system operated in the public interest. This resulted from the Aird Report of 1929. At that time, in order to complement our national system on a local and regional basis, privately-owned stations were permitted to function under the control and as an integrated part of our national system. The private stations had no rights, they had a privilege—a licence, if you like, but a very profitable one indeed. The enjoyment of that privilege over a period of years is now being looked upon as a vested interest. Now the private broadcasters claim that they have rights. This bill, in my interpretation, will create two national broadcasting systems, and it will weaken the C.B.C. There are two bodies set up, the Board of Broadcast Governors and the Board of Governors of the C.B.C. There must be conflict between them. One will represent the public interest, and the other will represent, in the main, the private interest.

Hon. Mr. Brunt: Oh, no, that is not necessarily correct.

Hon. Mr. Croll: My friend says that is not the intention. That is my interpretation of the intention of the bill, because these private interest people claim that they want competition—want to be allowed into the field in order to give it competition. I think you will find it rather interesting when I tell this house that there is no record of a single case where a private applicant seeking a licence has not been opposed by broadcasters already in the field. It is not competition that they are concerned with, they want a monopoly for themselves. This bill weakens the concept of publicly owned and controlled national broadcasting, and it opens the door to a competitive, privately owned system or network, which may or may not have American attachment. That will weaken our present system.

In addition, this bill leaves the C.B.C. open to political interference, because now the C.B.C. becomes an administrative and an operative body, and the new board becomes a supervisory and a regulatory body. I said that it weakens the concept of public ownership. When honourable senators read through the bill they will realize that there is confusion, there is uncertainty, and there should be a certain amount of anxiety. Let me give you an example. One section of the original act—I haven't the number of the section here—provided:

> The corporation shall carry on a national broadcasting service—

It will be noted that the original act said it "shall" do that.

Section 29(1) of this bill says:

> The corporation is established for the purpose of operating a national broadcasting service,—

Now, you may say it means the very same thing. It may. On the other hand, it may not. And so, by this bill, for the first time in 32 years we are handing over the exploitation of the public domain to other bodies, and will find, as in radio, that these TV licences and franchises, will fall into the hands of great controlled empires, and what we will have instead of a public monopoly will be a private monopoly.

It is a matter of knowledge and a matter of record that private radio and TV have never taken the rubber bands off the bank roll, they have never made any attempt to develop Canadian talent. They have left the matter entirely in the hands of the Canadian Broadcasting Corporation, which has done an eminently fine job. Under this bill the C.B.C. must go hat in hand every year to obtain funds. It leaves the door open to meddling. The C.B.C. needs to be financed over a period

of years—five, six, seven years. It needs predictable revenue over definite periods in order that it may make plans. It needs to be free, as it has been free in the past, of political interference, but the most effective control that anyone can possibly have over the C.B.C. the Government will now have, because it will have its hands on the purse strings and without money the C.B.C. cannot do very much.

Hon. Mr. Brunt: Does the C.B.C. not come to the Government now for money?

Hon. Mr. Croll: The board comes to the Government for money. That is a different thing entirely from coming through a minister every year for money.

In the past private stations have been competing with one another but never with the C.B.C. The C.B.C. was a senior partner and the private stations were junior partners. Now, under this bill, they have equality. That special position which the C.B.C. has always had it will lose, and the pendulum could well swing the other way.

It has been suggested in another place that private TV will degenerate into a branch outlet for American networks. Under this bill there is no guarantee against that at all. It is all very well to say, and it has been repeated many, many times that the C.B.C. was prosecutor, judge and jury, but there is not a scrap of evidence to indicate that the C.B.C. imposed its will upon private stations. As a matter of fact, if anything, the C.B.C. was lax in enforcing the regulations on private stations. At least, they were never onerous. What these private stations want is less restrictions in their programming. It is my view that if we are to continue our existence as a significant nation we must continue to nationalize this very vital centre of our national life, radio and television, which are so important in the world of communication. In this house and in other places we have from time to time indicated great concern over the course taken by American branch plants which have been substituted for native Canadian industry. If we are not careful, under this bill the airwaves can go the very same way. It may not be long before we have American domination over our Canadian TV. It is cheaper to import American TV than to produce it in this country.

Private TV will be commercial. Thus, from a national point of view there is very much at stake. Nationally, it is my view that much depends upon the continuance of public radio and TV services. We have got to be prepared to pay for these services in the same way that we pay for price supports, for tariffs, and many other segments of our economy.

I think there is a great principle at stake here, and I am glad to note that in another place the party of which I am a member has not given way to expediency. It is all very well for one political party in the other house to say, "It could be a worse bill and so we will vote for this." That is not principle. That is expediency. So in reading the bill, in giving it all the consideration I am able to give, I find that it states no definite policy, it proposes no clear program and it gives no guidance, and because of this indefiniteness—foreboding is the word that has been used—it leads to mistrust and from it can flow dire possibilities. As one who supports the C.B.C. I find no comfort in this bill, and in so far as I am personally concerned I intend to vote against it.

On motion of Hon. Mr. Macdonald, debate adjourned.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table:

Agreement between the Government of Canada and the Government of Saskatchewan, made the 25th July, 1958, concerning the South Saskatchewan River Project. (French text).

CUSTOMS TARIFF BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the committee's report on Bill C-50, an act respecting the Customs Tariff.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-50), intituled: "An Act to amend the Customs Tariff", have in obedience to the order of reference of August 22, 1958, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. W. M. Aseltine: I move the third reading now.

Hon. Jean-François Pouliot: Honourable senators, before this bill is read the third time I have a few observations to make. This morning at the meeting of the Banking and Commerce Committee there was present a representative of the Income Tax Branch of the Department of National Revenue and he was asked what revenue the department expected to obtain from this legislation.

His answer was, "Not very much". I pointed out to him that in a case like this, naturally there were some taxpayers who would pay more and others who would pay less; and I asked him who were those who could pay more and who were those who could pay less. He told me that he would tell us when the sections were called. I asked him if this legislation was not a matter of pure guessing and the department not sailing on uncharted seas. He agreed with me to a large extent.

I do not see the use of legislation like this, which cannot be explained any better than this was. It is full of technicalities. I shall make similar observations on the other tax bills. We never know where we are. The departmental officials naturally say, "Well, we will be able to answer you at a certain time after the bill has been put into force". There is an element of common sense in that answer, but on the other hand it is very dangerous to pass this kind of legislation in a hurry. Some officials of the Department of National Revenue always have the same answer to requests that are made for the consideration of complaints from this gentleman or that lady with respect to the operation of legislation that comes under that department. They say: "You cannot complain; it is legislation that you Members of Parliament have passed. Period—30." They forget that they were the ones who drafted the legislation or had it drafted, and that they could not give a satisfactory explanation of it when we were in committee. That is my complaint.

We have not the same latitude as have the members of the House of Commons with regard to legislation, and I for one protest against the mass of taxation legislation that comes before us at the last moment of the session. I appreciate the courtesy of the honourable Leader of the Government (Hon. Mr. Aseltine), and of his deputy (Hon. Mr. Brunt), and even of the sponsor of the bill (Hon. Mr. Méthot), when they deal with these matters. But that is not enough. We must know what is behind every piece of legislation that comes before Parliament, and for a very good reason, namely, that if any citizen of Canada asked an honourable senator for the kind of explanation that was asked for in committee this morning, and he was unable to make a satisfactory answer, he would be put in a very embarrassing position. This is not a question of pride, but a question of service; it is a matter of doing our best for every taxpayer in Canada. As I did not get a satisfactory explanation in reply to my request in the committee, I shall oppose this legislation.

Hon. W. Ross Macdonald: Honourable senators, as the honourable senator from De la Durantaye (Hon. Mr. Pouliot) has said, we had before the committee this morning a departmental representative who explained the tariff changes proposed in this bill, and it was difficult for us to obtain the information we desired. One of the difficulties was caused by the form of the bill itself, and this point was mentioned in committee.

Schedule A to the bill sets forth in several pages various tariff items, followed by a description of the product, and the three tariffs, namely, British Preferential Tariff, Most-Favoured-Nation Tariff and General Tariff, and under each heading is stated the rate of duty, if any. By the bill some tariff rates have been increased, some have not been changed but the wording with respect to them has been changed, and other items have been reduced. But from a reading of this bill one cannot tell which items have been increased, which remain the same, and which have been decreased.

Honourable senators, it is my recollection—and I stand to be corrected if I am wrong—that on previous occasions when a bill of this nature came to the house it contained a notation at the side of each item showing the proposed change, if any, so that when one picked up the bill he could read it intelligently. Why that has not been done in this bill, I do not know. As the honourable senator from De la Durantaye has said, we are near the end of the session, we are very busy, and we do not have time to compare the proposed changes in the bill with the act, item by item.

I appeal once again to the Leader of the Government (Hon. Mr. Aseltine), that he make a strong protest to the Minister of National Revenue in this regard. Earlier this session I protested against the form of an interim supply bill. The honourable leader was good enough to bring our protest—I was speaking on behalf of all honourable senators—to the attention of the Minister of Finance, and the last supply bill dealt with in this house was in the form which we suggested. I trust that when the Customs Tariff Bill is presented to us next session it will contain notes indicating the proposed changes in the items enumerated.

Honourable senators, there is just one tariff item to which I wish to refer: item 554b, which appears on page 8 of the bill, in Part IV of Schedule A. It reads:

Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.

The rates are set out under the usual three tariffs, and I note that the only proposed change is under the British Preferential Tariff. That is, the tariff on these woven fabrics,

so far as it relates to the United States and other nations enjoying the Most-Favoured-Nation Tariff rates, remains unchanged, and the rate under the General Tariff remains unchanged, but the United Kingdom and other countries of the commonwealth have been singled out in that the duty against their woollen fabrics has been increased. It is said that the increase is insignificant. In terms of dollars and cents it is, but, as was pointed out in committee by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), the percentage of increase is 20 per cent. Under the British Preferential Tariff the former rate of 50 cents per pound has been increased to 60 cents, so the tariff increase against the United Kingdom and other commonwealth countries is 20 per cent.

Hon. Mr. Thorvaldson: That is, 20 per cent of the tariff, not 20 per cent of the value of the goods.

Hon. Mr. Macdonald: The tariff has been increased to the extent of 20 per cent.

Hon. Mr. Thorvaldson: No, that is not a correct statement of itself, if you leave it at that.

Hon. Mr. Macdonald: The item says:

"The total duty leviable shall not be in excess of, per pound, 60 cents."

Previously it was 50 cents, so that is an increase of 10 cents, or 20 per cent.

Hon. Mr. Thorvaldson: On the tariff rate.

Hon. Mr. Macdonald: On the tariff rate. I thought that was what I was talking about. In any event that was what I intended to talk about. So, we all agree, the increase in the tariff rate is 20 per cent.

Hon. Mr. Haig: State how much that will affect us on the price of clothes.

Hon. Mr. Macdonald: I do not know how it will affect the price of clothes, but I do know it will affect the cost of these goods from the United Kingdom and other British Commonwealth countries to the extent of 20 per cent of the tariff rate.

Hon. Mr. Haig: No, no.

Hon. Mr. Macdonald: Oh, yes. That is the one thing we know definitely. My honourable friend may say the Canadian manufacturer will take advantage of that tariff increase—which, in so far as the Canadian manufacturer is concerned, is insignificant.

Hon. Mr. Thorvaldson: That is the point we are making.

Hon. Mr. Macdonald: I do not know whether he will take advantage of it. Certainly there is competition in this country in the sale of woollens, and whether it is possible for the manufacturer to profit by this increase I am not sure. But if he is able to take advantage of the increase, it will add 30 cents, we were told this morning, to the cost of an overcoat—

Hon. Mr. Hayden: No, that is the cloth.

Hon. Mr. Macdonald: It will add 30 cents to the cost of the cloth which is used in an overcoat, and 15 cents to the cost of the cloth used in a suit. That is practically nothing, it is insignificant. Why, then, I asked this morning—and could not get an answer—was this higher duty imposed against the United Kingdom and other commonwealth countries? Was it done merely to annoy them on the eve of the commonwealth trade conference? We have invited representatives of all the commonwealth countries to come here and discuss our trade problems, and a few months before they are to meet us we set up a partial roadblock which they will have to encounter at the conference. We annoy them by saying: "Before you ever come here to talk about trade matters with us we are making this increase. It is not very large." I do not know why we are raising this tariff against the commonwealth countries, but we are doing so while we are saying: "Come here so that we may talk about trade." Well, honourable senators, to my mind it is not a good policy, when inviting friends to your house, to sit around the table and work out arrangements to your own advantage, to do something which is annoying to them. I think it is a gross mistake on the part of the Government to ask Parliament to raise the duty under these circumstances. The increase means nothing to Canadian manufacturers—nothing, I repeat. Speaking with one voice, the industry has said so. Then why give this minor offence to those whom we have invited here to discuss relations with us?

Hon. W. D. Euler: Honourable senators, I was interested in the discussion of the bill this morning in the Banking and Commerce Committee and I intend to comment on it from a point of view which has not yet been expressed. The senator from De la Durantaye (Hon. Mr. Pouliot) felt that we should know more about what effect this change would have on the revenue. I am inclined to agree with the statement of the departmental representative that it would not make a great deal of difference, and therefore on that score I was not greatly concerned. But I did want to know from the departmental official whether the changes proposed in the bill were made on the recommendation or suggestion of the Tariff Board. These matters were referred to the board; and I admit I

was, and am still, astonished that the Government should ask the board to make recommendations. On what ground, I ask? Was it the purpose of the Government to protect the Canadian manufacturer? Was it to produce more revenue? We do not know. But if the purpose of the tariff changes is to protect the Canadian manufacturer, let us know it; do not leave the duty of making recommendations to the board, which is not a policy-making body. Policy is and always must be the function of government. It looks to me—and in saying so I do not wish to be unkind—that the Government placed on the Tariff Board a responsibility which the Government itself ought to have assumed. Was the Government motivated by the idea that, if anybody should object to or criticize the changes which have been proposed, it could plead that they were made because the board had recommended them? While the Government has not so stated, I think it is perfectly plain that the tariff increases are proposed with the purpose of giving more protection—let us frankly use the word—to domestic manufacturers.

It was said there were changes both upward and downward. I asked why there were upward changes and whether they had been made with the approval of the 40 or so countries subscribing to GATT, the General Agreement on Tariffs and Trade. Incidentally, I think GATT was brought about as a result of a suggestion of the United States with the sole purpose of having a general tariff reduction among many countries of the world. At any rate, I was told that to make tariff changes on certain items it had been necessary to do a bit of bargaining—

Hon. Mr. Aseltine: *Quid pro quo.*

Hon. Mr. Euler: Yes. I think I used those words myself. I am a little doubtful that all the nations concerned with the proposed reductions or increases were consulted about them. I am pretty certain that Britain, which is a member of GATT, did not willingly consent to an increase in the tariff on textile goods it exports to us. Anyway, the changes mean very little. They are neither fish nor flesh nor good red herring. I don't think they are going to decrease our imports of British textiles. I am singling out textiles because they are important to that part of Ontario from which I come.

I also asked a question about the United States which, as a member of GATT, receives preferential treatment under the Most-Favoured-Nation Tariff, but there has been no change made with respect to that. United States exports to Canada offer great competition to our manufacturers, perhaps even more than those of Great Britain, except for textiles, but as far as I can see our imports from the United States are not affected at all. It was said in committee that certain negotiations are being conducted which might take care of this situation.

Hon. Mr. Thorvaldson: Is the honourable gentleman referring to textiles or woollens?

Hon. Mr. Euler: Woollen textiles. As I understand it, nothing has been done about cotton textiles. I dare say it is true that our woollen textile imports from Britain, which produces the best woollen textiles, are greater than our woollen textile imports from the United States, but a certain amount of clothing is imported from our neighbour to the south.

The point I wish to make is that it is not the proper function of the Tariff Board to make recommendations. It can gather information upon which the Government can form its policies, but I don't like to see the Government use the board as a shelter behind which to make policy changes for which it doesn't want to be held responsible.

A point raised by the Leader of the Opposition (Hon. Mr. Macdonald), and one which I myself referred to in committee, is the almost unforgivable omission of explanatory notes from the bill. One might even suspect a motive for it. The pages on the left side of the bill set out the three tariff rates which will become effective if the bill is adopted, but there are no explanatory notes to show what the present rates are. I don't know of another bill which has not contained explanatory notes on the proposed changes and their effect. We were working pretty much in the dark in committee this morning.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Euler: We could see what the new rates would be but, not knowing what the present rates are, we were unaware of the extent of the changes and so could not judge what effect they might have. I protest against this sort of thing and express the hope it will not occur again.

Hon. Mr. Aseltine: Honourable senators, I was present at the committee meeting this morning and I thought we had an exceptionally good explanation of the bill. I will admit that the honourable Leader of the Opposition (Hon. Mr. Macdonald) forcefully raised the point that no explanations were given on the right-hand pages of the bill.

Hon. Mr. Macdonald: The honourable senator from Waterloo (Hon. Mr. Euler) put it much more forcefully than I did.

Hon. Mr. Aseltine: The departmental representative said he would take this into consideration and see that the Government—

Hon. Mr. Euler: It is too late now.

Hon. Mr. Aseltine: —officials who are responsible for the preparation of these bills do something about this in the future. As far as I am concerned, I also will bring the matter to the attention of the proper department.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Aseltine: But, quite honestly, I don't remember any other bill of this nature having shown such information on the right-hand pages.

Generally speaking, I thought we had a good explanation in committee. The departmental official was frank in his answers. He told us they made certain changes with some countries, and that where there was a raise there was also a corresponding reduction, a *quid pro quo,* and that, taking everything together in so far as revenue is concerned, there would not be any great difference, that it would be an infinitesimal amount.

With regard to the increased tariff on woollen goods, I don't know just exactly what advantage this would give to the manufacturers of these goods in Canada. In any event, it would mean only a few cents more in the cost to the individual purchaser of a suit of clothes or an overcoat, but the overall effect might be of considerable advantage to Canadian manufacturers.

Hon. Mr. Euler: May I ask the leader a question? I have said that it was neither fish nor flesh nor good red herring. Is the increase satisfactory to the importer or the local manufacturer? Does it please the Britisher who is sending his woollen goods to Canada? I am not sure it does. If it doesn't please the Canadian manufacturer, neither side is satisfied and it really amounts to nothing.

Hon. Mr. Aseltine: We should have asked that question of the official this morning.

Hon. Mr. Macdonald: We did and he had no answer.

Hon. John T. Haig: Honourable senators, I want to make a few comments at this time. I was interested in the remarks of the honourable Leader of the Opposition (Hon. Mr. Macdonald). The truth is we have a number of woollen manufacturers in Canada and they have had an awful time in the last three or four years. Textile factories in practically every province have had to struggle in order to keep their employees at work. There may be strikes in other industries but not in our textile industry. The workers couldn't get anything anyway. When I read in the press throughout the country about tariff increases on woollen goods I thought it was really something, but this morning in committee we were told that the cost of a woollen suit of clothes would be increased by, I think, 30 cents.

Hon. Mr. Hayden: Fifteen cents.

Hon. Mr. Haig: Yes, I think actually on a suit of clothes it was 15 cents.

Hon. Mr. Macdonald: Don't let 15 cents come between us!

Hon. Mr. Haig: I think it was 15 cents on a suit of clothes, and 30 cents on an overcoat. There is no need to go into hysterics over that.

On the point made by the honourable senator from Waterloo (Hon. Mr. Euler), I think it is the first time that I have heard of the Tariff Board being asked to make a recommendation. It should have been made long ago. The board's members are supposed to be experts in hearing evidence. They hear both sides of the story and they ascertain all the facts. Of course, the board has not the right to raise tariffs; and as a member said this morning they do not make a recommendation until they are asked for it by the minister; then the minister accepts or rejects the suggestion as he sees fit. The minister himself takes the responsibility, not the men who make the recommendation. All that the members of the Tariff Board do is hear the case and on the facts give their judgment on what should be done. I do not think there is anything wrong with that; in fact, I am in favour of it. If a man goes to a lawyer and asks for an opinion, the lawyer will give him an opinion, but the lawyer is not responsible for what his client does with the opinion. If the lawyer tells his client that in his opinion the client is making a dishonest transaction, and yet the client goes ahead with the dishonest transaction, the lawyer is not guilty for the wrongdoing of his clients; in that case it is the client who is guilty.

In the case of the minister asking for a recommendation by the Tariff Board, I think that is in the nature of a protection. I do not believe the members of the board, or anyone in a similar position, would give a false recommendation to please the minister; I think they would give the facts as they found them.

Hon. Mr. Euler: That is not the point at all.

Hon. Mr. Haig: They give a recommendation on the facts as they find them. They hear both sides of the case, and anyone with a complaint is heard; the applicants for an increase, and those against it, are all heard. In this particular case the board studied this problem, and they made a recommendation saying that on woollens the tax on a suit of

clothes should be increased 15 cents, and the tax on an overcoat, 30 cents. Those men appeal to me as being the proper men to make the recommendation. I say quite candidly that I believe that a minister of any government would be delighted to have that recommendation.

Hon. Mr. Euler: May I ask my friend a question? What is the purpose of asking the board to make a recommendation?

Hon. Mr. Haig: The members of the board are experienced. The purpose is to get the facts from the best evidence available in the country.

Hon. Mr. Euler: To serve what purpose?

Hon. Mr. Haig: To serve the best interests of the country, nothing else.

Hon. Mr. Euler: You mean, to protect the industry? That is what I am getting at.

Hon. Mr. Haig: No, certainly not. My friend is completely wrong.

Hon. Mr. Euler: No.

Hon. Mr. Haig: My friend and all his associates try to say that it is all done to help someone to get some political assistance in his county. Now, that is not true. If a politician is the proper kind of a member of Parliament, he does it in the best interests of the country.

Hon. Mr. Euler: If my friend is suggesting that I would take that attitude, he certainly is quite wrong.

Hon. Mr. Haig: The honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) said the other day that there had been no substantial change in the tariff in the past 25, 30 or 40 years, that the Liberal Government made some changes and the Conservative Government made others. But I think that what we were told this morning was one of the best things I have ever heard of. It is the first time to my knowledge that the Tariff Board, on the request of the minister, made a recommendation as to what it thought should be done. I think the members of that board are the best qualified people to make that recommendation.

Honourable senators, the total of the increase and the total of the decrease in taxation under this bill is practically nil. The representative of the Government who came before the committee this morning is a very able man, and he made it quite clear there was very little change. In fact, I think there are more items affected by reductions than by increases, but there may be more increases than in the past, and therefore the total may be evened up. Some of the recommendations of the officials were adopted, some changed, and some refused altogether. That is what you would expect from a minister who has the interest of the whole of Canada at heart.

I think we are making too much out of so small a matter. I would not say we are introducing a tariff by changing the rates of a few items one way or the other, such as 30 cents on an overcoat and 15 cents on a suit of clothes. If that is all the Conservative party does in the next five or ten years, it won't do very much. I am not saying it is not right in doing so, but I say that such changes as that do not mean much, and that it is making a mountain out of a molehill.

There are a great many manufacturers in our city of Winnipeg, as well as in other western cities, and they are just as interested in tariff protection as are Ontario, Quebec and the Maritime provinces. I am in favour of sufficient protection only in order that our industries can compete with foreign competition. That is all I want. If we have to pay twice as much for steel manufactured in Canada as that manufactured in Germany we shall be unable to compete. We have to face that fact. To protect ourselves we must either put a tariff on steel coming from Germany or go out of business. That is the issue. Similarly, if cheaper goods than ours can be manufactured in the United States, we must meet that competition or go out of business. Germany is now selling goods to the Middle East and at the same time lending it money. That is what is happening between the United States and Canada with regard to wheat. It may be said that the western farmers need help to market their wheat. You do not need to help us. If you will stop other people sending their goods into Canada, they will soon come around and give us a good deal on our wheat.

We have to face the fact that we must compete with other countries in the marketing of our goods. Britain is shipping automobiles to Canada and the United States. That is creating fierce competition in that industry in both countries. That is the situation that exists, and we must face it. No doubt a labour problem is involved there. I am not against labour, and I want to see it get a reasonable deal, but we are compelled to face conditions in the woollen industry in this country. There is a woollen mill situated not far from here, in Lanark county, at Perth, I think it is. The people working in that mill have had no increase in pay for years because they realize that the minute their pay goes up the cost of their product goes up and their goods cannot be manufactured to compete with imported goods.

Hon. Mr. Euler: Do you think that this legislation will help that situation?

Hon. Mr. Haig: This will help them very little, I admit, but at least it is an indication that the Government is thinking about the problem. The Government may not do much for it but at least it knows about it. Sometimes I have wondered if the Government knows about it.

For these reasons I hate to see an issue brought up that does not mean much, if anything, to anybody. I want the people on the prairies to know all about this increase in the cost of a suit, and I am going to ask my dear friends of the *Free Press* to publish the fact that the total tariff increase on a suit of clothes by reason of the increase under this bill will be 15 cents, and 30 cents on an overcoat. I also want the Liberal papers across Canada to publish that information. It is, as my friend said, an increase of 20 per cent over the present rate, but that is not the point. The point is, how much more does a suit cost me by reason of this tariff increase? Well, the answer to that question is that it will cost me 15 cents more for a suit and 30 cents more for an overcoat. Those are the facts that should be brought home.

Honourable senators, I feel that the Government has done very well on this. I liked the man who appeared before us in committee this morning.

Hon. Mr. Euler: We are not criticizing him.

Hon. Mr. Haig: The impression seems to be left here that he lacked something, but I say he did not lack anything.

Hon. Mr. Pouliot: Nobody disliked him.

Hon. Mr. Haig: He spoke to us and told us what the figures were and he said that the next time we were there he would give us any information he could. He told us what tariffs were raised and what tariffs were lowered and he said that on balance there was not much difference between the two. He said, in fact there were more tariffs lowered than were raised, but perhaps that does not mean very much because the tariffs that were lowered might mean a good deal less than what could be brought in from the tariffs that were raised.

Hon. Mr. Pouliot: Honourable senators, I rise to a question of privilege.

If there is one who has been patient and tolerant at the committee I was the one. I did not say anything about the character of the witness this morning. The honourable gentleman mistook all that I said and probably it is too bad for him that he did not pay enough attention to what I said. We have here important legislation which was not drafted by the witness who appeared before us. It was drafted by the bureaucrats of the Department of Justice who cannot write a piece of legislation well. Again I say I will oppose it.

Hon. Mr. Isnor: Honourable senators, I have a question to ask the Leader of the Government (Hon. Mr. Aseltine). What will this increase on woollens amount to in dollars and cents, the overall increase which the consumers will have to pay? Is it not a million dollars?

Hon. Mr. Aseltine: I do not know the cost of cloth and all that kind of thing.

Hon. Mr. Isnor: Perhaps your memory then will serve as well as mine. I understood the witness to say this morning that this increase in the tariff will cost the consumers $1 million.

Hon. Mr. Brunt: No. He said the increase in the tariff if applied to the production of woollens in Canada would amount to $1 million.

Hon. Mr. Isnor: That is the same thing. It will cost the consumers $1 million.

The Hon. the Acting Speaker: Honourable senators, the question is on the motion for the third reading of Bill C-50, respecting the Customs Tariff. Is it your pleasure to pass the motion?

Some Hon. Senators: Carried.

Hon. Mr. Pouliot: On division.

Motion agreed to and bill read third time and passed, on division.

INCOME TAX BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented a report of the committee on Bill C-39, respecting income tax.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-39) intituled: "An Act to amend the Income Tax Act", report as follows:—

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill.

The Hon. the Acting Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Hayden: I move that the report be adopted now.

Motion agreed to.

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented a further report of the Standing Committee on Banking and Commerce on Bill C-39, respecting the Income Tax Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-39) intituled: "An Act to amend the Income Tax Act", have in obedience to the order of reference of August 21, 1958, examined the said bill, and now report the same without any amendment.

BILL REFERRED BACK TO COMMITTEE

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

Hon. Mr. Macdonald: Now.

Hon. Mr. Brunt: Honourable senators, I move that the report be not now adopted but that the bill be referred back to the Standing Committee on Banking and Commerce for the sole purpose of reconsidering section 41. That is the section concerning the $10,000 gift to a spouse or a child or children. We could deal with that in committee this evening before we resumed consideration of the Estate Tax Bill and it could be returned to the Senate tomorrow, so there would be no undue delay. Two problems have arisen in connection with this particular section since it was heard by the committee.

Hon. Mr. Macdonald: From what the mover of the amendment has said, I do not know why the bill should be referred back to committee. Personally I do not like the wording in the bill, but it was passed by the committee and I am not aware of any reason for sending it back. If there is any good reason I will support my friend's motion, but not otherwise.

Hon. Mr. Brunt: Honourable senators, there are grave doubts that section 41 applies in a case where a farmer's son buys a farm and the farmer loans him $10,000 for that purpose on a mortgage, and the mortgage is discharged. That is the first point.

Secondly, there is even greater doubt whether the section applies in a situation where a wife signs an offer to purchase a piece of property to be used as a home, her husband gives her $10,000 for the purpose of paying for the home, the transaction is completed, and the deed is made by the vendor directly to the wife.

Those are two situations, honourable senators, which I think it would be wise to have cleared up before the bill is given third reading.

Hon. Mr. Aseltine: Those points were considered.

Hon. Mr. Brunt: No.

Hon. Mr. Croll: The second situation could be easily dealt with. In such a case the husband, instead of the wife, could buy the property and turn it over to her, and thereby come within the four corners of the bill.

On the first point, may I say it is difficult to spell out the law so that we know exactly what it means under every circumstance. Would we not be just as well off to go along with the bill? We are a continuing body, so if there is any difficulty we can correct the matter on another occasion. I think the first example given by the honourable senator comes within the bill, and I imagine he thinks so too. However, I cannot be sure.

Hon. Mr. Brunt: I have my doubts about it.

Hon. Mr. Croll: I have doubts too; in fact, I have doubts about every taxing section I ever read.

Hon. Mr. Haig: If my honourable friend from Hanover (Hon. Mr. Brunt) wants to make a change in this section he can refer the bill to the Committee of the Whole and there we can make any necessary correction.

Hon. Mr. Lambert: Did the honourable senator from Hanover consult the officials of the department with respect to this clause after the committee meeting this morning?

Hon. Mr. Brunt: No, I did not.

Hon. Mr. Lambert: If there is any doubt about the effect of this section, I think the bill should be sent back to committee and have the officials clear up the point to the satisfaction of even a minority of the committee.

Hon. Mr. Hayden: Honourable senators, if it is the wish of the house that this report be referred back to the committee, I have no objection, but on the grounds which have been raised for sending it back I have a few words to say.

As to the second example given by the honourable senator from Hanover (Hon. Mr. Brunt), it would be a simple matter for the husband to contract to purchase the property, and by direction to the vendor have the property conveyed to the wife; he could put up his money at the appropriate time, make the payment, and direct that the deed be made in the name of the wife.

Hon. Mr. Brunt: I doubt if that situation would be covered. That is not a transfer.

Hon. Mr. Hayden: It might be an assignment of interest in land.

As to the first example, we did get an opinion in committee last evening—true, it was an arm-chair opinion—from the head of the legal section in the Taxation Division, as to the effect of the bill on such a case and the opinion expressed, though not final or binding in any way, was that this type of case came within the provisions of section 41.

Hon. Mr. Brunt: But no officials from the Department of Justice were present.

Hon. Mr. Croll: We are justice!

Hon. Mr. Thorvaldson: The honourable senator from Toronto-Spadina (Hon. Mr. Croll) and the honourable senator from Toronto (Hon. Mr. Hayden) have indicated their views that the type of case cited in the first example would come within the ambit of the bill. But as to the second example, if the act was changed to bring such cases within its ambit it seems to me the income tax administrative authorities would face an impossible task of following up transactions where a husband gives his wife a cheque for $10,000 so that she might buy a home. How could the income tax people trace such transactions? The alternative that has been suggested seems to fit perfectly into the provisions of the bill. Consequently I would prefer that the report be not referred back to committee.

Hon. Mr. Macdonald: Honourable senators, there seems to be considerable doubt now about the effect of this section. I was not happy about it last evening and I am not pleased with it now. I agree with what has been said by the honourable senator from Toronto-Spadina (Hon. Mr. Croll) and others who have spoken, but it would do no harm to have the bill sent back to the committee, and in the circumstances my view is that it should be sent back.

Hon. Mr. Dupuis: Honourable senators, I am not a member of the committee. Therefore, may I ask if a debate took place in the committee as to the conflict between the law under the Civil Code of Quebec and the principles of this bill as to the right of a husband to transfer property to his wife?

Hon. Mr. Brunt: There was a debate on it.

Hon. Mr. Macdonald: There was some discussion on the point.

Hon. Mr. Dupuis: And was it agreed to?

Hon. Mr. Power: There was considerable discussion on the point, but so far no one has come up with a solution that would be satisfactory to the people of Quebec.

Hon. Mr. Pouliot: Honourable senators, before the motion is passed I wish to compliment the honourable senator from Hanover (Hon. Mr. Brunt), not because of the merit of the views which he has expressed but because he has shown that he is just as open-minded to suggestions as is the honourable leader of the Government in this house (Hon. Mr. Aseltine). In the past year we have not been spoiled in that respect. This may be why we appreciate so much the spirit of confraternity and good will in his suggestion that the bill be referred back to the committee. It is on account of the fact that I appreciate so deeply his good disposition that I will not oppose the motion.

Motion agreed to.

STANDING COMMITTEES

NOTICE OF MOTION AMENDED

On the notice of motion by Hon. Mr. Aseltine:

That the Rules of the Senate be amended as follows:

Delete Rules 78 and 79 and substitute therefor the following:—

78. The Standing Committees shall be as follows:

1. The Joint Committee on the Library of Parliament, whereto there shall be appointed seventeen senators.

2. The Joint Committee on the Printing of Parliament whereto there shall be appointed twenty-one senators.

3. The Joint Committee on the Restaurant of Parliament whereto there shall be appointed the Speaker and six other senators.

4. The Committee on Standing Orders, composed of fifteen senators, three of whom shall constitute a quorum.

5. The Committee on Banking and Commerce, composed of fifty senators, nine of whom shall constitute a quorum.

6. The Committee on Transport and Communications, composed of fifty senators, nine of whom shall constitute a quorum.

7. The Committee on Miscellaneous Private Bills, composed of thirty-five senators, seven of whom shall constitute a quorum.

8. The Committee on Internal Economy and Contingent Accounts, composed of twenty-five senators, seven of whom shall constitute a quorum.

9. The Committee on Debates and Reporting, composed of nine senators, three of whom shall constitute a quorum.

10. The Committee on Divorce, composed of twenty-five senators, three of whom shall constitute a quorum.

11. The Committee on Natural Resources, composed of forty senators, nine of whom shall constitute a quorum.

12. The Committee on Immigration and Labour, composed of thirty-five senators, seven of whom shall constitute a quorum.

13. The Committee on Canadian Trade Relations, composed of thirty-five senators, seven of whom shall constitute a quorum.

14. The Committee on Civil Service Administration, composed of twenty-five senators, seven of whom shall constitute a quorum.

15. The Committee on Public Health and Welfare, composed of thirty-five senators, seven of whom shall constitute a quorum.

16. The Committee on Public Buildings and Grounds, composed of fifteen senators, five of whom shall constitute a quorum.

17. The Committee on Finance, composed of fifty senators, nine of whom shall constitute a quorum.

18. The Committee on Tourist Traffic, composed of twenty-five senators, seven of whom shall constitute a quorum.

19. The Committee on External Relations, composed of thirty-five senators, seven of whom shall constitute a quorum.

79. Every Standing or Special Committee meets, if practical, on the next sitting day after appointment and chooses a chairman.

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move an amendment to the notice of motion that stands in my name for the amendment of the Rules of the Senate. The amendment is required because I overlooked the fact that Rule 79 in part has to do with Special Committees, which are in a little different position as to a quorum from the Standing Committees. My amendment reads:

That the notice of motion with respect to the amendment of the Rules of the Senate be amended, as follows:

Delete Rule 79 and substitute therefor the following:

"79. (1) Every Standing Committee meets, if practical, on the next sitting day after appointment and chooses a chairman.

(2) Every Special Committee meets, if practical, on the next sitting day after appointment and chooses a chairman; and the majority of senators appointed on such Special Committee shall constitute a quorum, unless it be otherwise ordered."

By way of explanation of this amendment I will read the present Rule 79:

79. Every Standing or Special Committee meets, if practical, on the next sitting day after appointment and chooses a chairman; and the majority of senators appointed on such committee constitute a quorum, unless it be otherwise ordered.

The proposed Rule 79 in the notice of motion which was placed on the Order Paper two days ago reads as follows:

79. Every Standing or Special Committee meets, if practical, on the next sitting day after appointment and chooses a chairman.

That does not go far enough in respect of Special Committees. It will be noticed that the present rule provides a quorum for both Standing and Special Committees, the quorum to be a majority of senators appointed on each committee. With the amendment of Rule 78 as proposed in the motion the quorum for Standing Committees will be fixed by that rule; and in so far as Rule 79 is concerned it will simply direct the members to meet and choose a chairman; but it gives no direction to a Special Committee as to what the quorum of that committee shall be. The purpose of the amendment in the notice is to redraft the proposed Rule 79 as I have already indicated.

As I have said, subclause (1) is needed with respect to Standing Committees, and subclause (2) with respect to Special Committees. I ask honourable senators to consent to the amendment of my motion in that respect.

Motion agreed to.

Hon. Mr. Macdonald: May I suggest to the honourable Leader of the Government that there is no urgency in this matter and that the amended notice of motion might stand until tomorrow?

Hon. Mr. Aseltine: I agree.

The Hon. the Acting Speaker: The amended notice of motion stands.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, August 28, 1958

The Senate met at 3 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

EXCISE TAX BILL

AMENDMENT CONCURRED IN BY COMMONS

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons returning Bill C-44, to amend the Excise Tax Act, and acquainting the Senate that the Commons have agreed to the amendment made by the Senate to the said bill, without amendment.

INTERNAL ECONOMY

REPORTS OF COMMITTEE

Hon. William R. Brunt, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented the committee's third report.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Internal Economy and Contingent Accounts make their third report, as follows:

Your committee recommend that the usual supply of stationery, et cetera, which has been selected by your committee with due regard to usefulness and economy, for use of the senators in their rooms and desks in the Senate chamber, be supplied according to the lists approved by your committee and deposited with the Clerk of Stationery, and that the distribution be made in a way similar to that of the present session.

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Brunt: Next sitting.

Hon. Mr. Brunt presented the committee's fourth report.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Internal Economy and Contingent Accounts make their fourth report, as follows:

Your committee have examined the expenditures and revenues of the Senate for the fiscal year ending March 31, 1958, and have found them correct.

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Brunt: Next sitting.

Hon. Mr. Aseltine: Honourable senators, would it be possible to dispense with the reading of further reports of the committee if they are to be not considered today? All the reports will be printed in today's *Minutes of the Proceedings.*

Hon. Senators: Agreed.

Hon. Mr. Brunt: Honourable senators, I submit the fifth, sixth, seventh and—which I hope is the final report—the eight report of the same committee.

The Hon. the Acting Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Brunt: Next sitting.

INCOME TAX BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-39, respecting income tax.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred back the Bill (C-39) intituled: "An Act to amend the Income Tax Act", have in obedience to the order of reference of August 27, 1958, further examined the said bill and again report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Macdonald: Now.

Hon. Mr. Aseltine: I move the third reading now.

Hon. William R. Brunt: Honourable senators, before the bill is read the third time I should explain, for the benefit of those who were not at the meeting of the Banking and Commerce Committee last evening, why I had asked that the bill be referred back to committee. I did so in order that section 41 could be reconsidered. This is the section which deals with a gift of $10,000 to a spouse or a child or children. One of the points on which I was in doubt involved a case where a young farmer buys a farm and his father makes him a loan of $10,000, takes back a mortgage against the farm and eventually the father decides to forgive his son the debt and gives him a discharge of the mortgage. I have been assured by the draftsman of this bill that this case is covered by section 41 regardless of whether the title of the land is registered in a registry office or a land title office.

The second point I was concerned about is where a husband gives to his wife $10,000, requests her to go and buy a home, which she does, the vendor gives a deed direct to the wife and the deed is duly registered. Last evening I was assured by the draftsman of

the bill that such a case is not covered by section 41 of the bill, and it was never intended to be covered by the said section.

Hon. Jean-François Pouliot: Honourable senators, before the bill is read the third time I have just two observations to make. In the first place, it is extremely difficult for members of Parliament—that is, members of the House of Commons as well as of the Senate—to amend tax legislation. In the second place, the officers of the Department of Justice should be more careful in drafting legislation. Just think: one clause of this bill covers seven pages. It takes a long breath to read it, and it is very hard to understand even by an eminent lawyer like the Deputy Leader of the Government (Hon. Mr. Brunt), who was slightly confused about it—and I don't blame him for that. It is of the utmost importance that legislation should be drafted in a clear and concise manner so that it has the right meaning for everyone who reads it.

Hon. Thomas Vien: Honourable senators, I concur fully in what the honourable senator just said. Legislation should be drafted so as to be intelligible to those to whom it applies. In many cases, particularly in money bills—customs, excise, and other bills of that kind—the draftsmen generally amend, say, section 3(a), (b), (c) or (d) by dropping a word or two, or adding a line or two, and the amendment is quite unintelligible, not only to laymen but even to professional men, unless one refers to the text of the section that is being amended.

I suggest that in an amending bill every section or clause that is amended should be completely repealed and a new section or clause substituted therefor. Further, the bill should contain explanatory notes explaining the purpose of the amendment. From now on I think the text of every section that is being amended should be before honourable members of this house when the amendment is under consideration.

I do not blame the present Government or the past Government, for I think that what was done in this instance has been the practice since Confederation. It seems to me that the technicians of the Department of National Revenue and the technicians of the Department of Justice want to make amendments unintelligible except to technicians. I feel that attention should be drawn to this. I repeat my suggestion that, in order to avoid confusion, an amending bill should repeal every section or clause that it is proposed to amend and enact a substitute therefor, and every such amendment should be accompanied by an explanatory note setting out the purpose of the amendment.

Motion agreed to and bill read third time and passed.

ESTATE TAX BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-37.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-37) intituled: "An Act respecting the taxation of estates", have in obedience to the order of reference of August 14, 1958, examined the said bill and now report the same with the following amendments:

1. Page 5, line 31: Strike out "and"

2. Page 5, line 34: Strike out the period and substitute therefor: "; and"

3. Page 5: Immediately after paragraph (d) of subclause (2) of clause 3, add the following as paragraph (e):

"(e) notwithstanding anything in this section, the expression in paragraph (a) of subsection (1) 'property of which the deceased was, immediately prior of his death, competent to dispose' does not include the share of the spouse of the deceased in any community of property that existed between the deceased and such spouse immediately prior to his death."

4. Page 26, line 21: Strike out line 21 and substitute therefor: "made for or on account of income tax, except where a superannuation or pension benefit is taxable under the Income Tax Act."

5. Page 28, lines 1 and 2: Strike out lines 1 and 2 and substitute therefor:

"the value of the debt shall, unless it is established that at the time of the creation of the debt the deceased and such debtor were persons dealing with each other at arm's length, be determined for the purposes of this Part as though the amount thereof outstanding"

6. Page 35, lines 6 to 13: Strike out lines 6 to 13, both inclusive, and substitute therefor:

"43. (1) Any amount payable as tax, interest or penalties under this Act by a person as the successor to any property passing on the death of a deceased shall, where the property to which that person is the successor includes any estate or interest in land situated in Canada, be and continue to be for as long as that amount or any part thereof remains unpaid a lien upon such estate or interest; and"

7. Page 35: Immediately after subclause (1) of clause 43, add the following as subclause (2):

"(2) Notwithstanding subsection (1), the consent of the Minister under section 47 to the transfer of any land or any estate or interest therein upon which a lien under subsection (1) exists shall be deemed to discharge such lien, and the Minister shall, upon application therefor made to him in any case where subsequent to the registration of any caution of lien as provided in subsection (1), any such lien is discharged, whether by payment in full of the amount thereof or in any other manner, issue to the person by whom the application is made a certificate of such discharge."

8. Page 36, line 22: Strike out line 22 and substitute therefor: "to be made one or more copies thereof and shall, upon request by the person from whom the original document was seized or by whom it was produced, in any case where a copy thereof has been made pursuant to this section, send a copy thereof to such person or, if no copy thereof

has been made pursuant to this section, allow such person at any reasonable time to have access to the document so seized or produced, and a document".

Your committee recommend that the minister take the necessary steps to ensure that the public generally, and all interested organizations (such as the Trust Companies Association of Canada and the Canadian Bar Association) are made acquainted, as far in advance as possible before proclamation of the bill, with the meaning and intent of clause 18 thereof.

The Hon. the Acting Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden: Honourable senators, I move that the amendments be concurred in now.

Hon. W. M. Aseltine: Honourable senators, the report contains quite a few amendments made to this important measure and it is my opinion that they should be considered *seriatim*. The only way that can be done is to have the amendments committed to a Committee of the Whole. I intend to move a motion in amendment for that purpose. This procedure has been followed on many previous occasions and has proved a very satisfactory manner of dealing with an important measure of this kind, involving a number of amendments. It is particularly applicable in this instance, where one of the proposed amendments is very controversial.

Therefore, honourable senators, I move, seconded by the Honourable Senator Thorvaldson, that the said amendments be not now concurred in, but that they be committed to a Committee of the Whole presently.

Motion in amendment agreed to.

CONSIDERED IN COMMITTEE

The Senate went into committee on the amendments.

Hon. Mr. Golding in the Chair.

On the committee's first amendment:

Page 5, line 31. Strike out "and"

Amendment agreed to.

On the committee's second amendment:

Page 5, line 34. Strike out the period and substitute therefor: " ; and"

Amendment agreed to.

On the committee's third amendment:

Page 5. Immediately after paragraph (d) of subclause (2) of clause 3, and add the following as paragraph (e):

"(e) notwithstanding anything in this section, the expression in paragraph (a) of subsection (1) 'property of which the deceased was, immediately prior of his death, competent to dispose' does not include the share of the spouse of the deceased in any community of property that existed between the deceased and such spouse immediately prior to his death."

Amendment agreed to.

On the committee's fourth amendment:

Page 26, line 21. Strike out line 21 and substitute therefor: "made for or on account of income tax, except where a superannuation or pension benefit is taxable under the Income Tax Act."

Hon. Gunnar S. Thorvaldson: Honourable senators, I would like to express opposition to this amendment.

As is well known to the house, this bill was carefully examined and scrutinized by the Standing Committee on Banking and Commerce. Many amendments were made to the bill and accepted by the Minister of Finance, which amendments make many provisions of the bill more workable and, in various procedural aspects, more fair to the citizen taxpayer.

These amendments exemplify, at least to me, the value of a sober second thought in regard to legislation and the revising capacity of the Senate. Indeed, I was struck by the comments of a number of the departmental officials in their recognition of the knowledge and experience brought to bear upon many of the problems of estate taxation by various senators. That is, I am sure, undoubted.

But one of the amendments, namely, that proposed to clause 26 of the bill, is not, as is now well known, acceptable to the Government. There are two reasons for its non-acceptance. In the first place, it is claimed that the amendment would create a preferred class of property and, secondly, that it would involve discrimination against other classes of property. I should like to mention a few of the kinds of property which it is deemed would be discriminated against.

The first, a very common one, is the registered retirement savings fund. This type of fund is becoming very popular, and recently elaborate provision has been made by Parliament for payments to be made into such funds without payment of tax. Nevertheless such plans, clearly, are not included in this amendment, and, therefore I say they are definitely discriminated against.

Another type of property which is discriminated against is, for instance, the lump-sum withdrawal of a pension fund. In the event of the withdrawal of such a fund in a lump sum—and many plans give the right of withdrawal in this form—this section allows no benefit to such type of property.

Thirdly, there is the ordinary Government annuity. As honourable senators know, there is an element of taxation in regard to this kind of asset. The amount which a buyer pays for an annuity is, of course, capital, and when withdrawn is not taxable, but the interest portion of the annuity is taxable.

Hon. Mr. Brunt: Only if it was purchased after 1932. Is that not correct?

Hon. Mr. Thorvaldson: Yes; but as everyone knows millions of dollars' worth of these annuities have been purchased by the people of Canada since 1932. The interest portion of that type of property is not affected by this amendment, so I contend that there is clear discrimination in respect of property of this kind.

Another type of property which is discriminated against is renewal premiums of insurance salesmen received by their widows after the death of their husbands. This kind of asset is possessed by nearly all widows of insurance salesmen. When they come into an estate they are not affected by this amendment.

Fifthly, there are payments such as rent from a property for a certain period. For example, the capital element of a property may be devised to one person or indeed to a charity with a provision that rent from it is to be payable to the widow or family for a period of time. An asset of that kind is not affected by this amendment; and this, I say, constitutes discrimination.

Sixthly, there are properties whose market values are not readily ascertainable. Some bonds are in this category. Their value cannot be readily discovered from market action and they have to be valued independently of the market. Also there are shares whose value must be ascertained apart from stock market quotations. There is the case of income from, say, an apartment building, or a rented home. Valuations of properties of this kind are made without respect to whether the recipient of the revenue from them has to pay income tax or not. It is exactly the same thing; the principle is identical; the fact that income tax is payable from revenues on any of these properties is not taken into account for valuation purposes.

I have given six instances of discrimination in relation to properties which are affected by this amendment, and these provide one of the main reasons why the department and the Government are not prepared to accept the amendment of the section which has been made by the Committee.

So much for the matter of discrimination. Then there is the question which was discussed in the committee last evening, namely, the power or, apart from power, the theoretical aspect of the Senate's right to deal with ways and means, or the question of how far it should go in dealing with a problem that affects ways and means. As a very junior senator I do not propose to discuss that problem, but I would refer honourable senators to the very clear, concise and complete statement which was made in regard to this question by the honourable the Leader of the Opposition (Hon. Mr. Macdonald) in 1956 and reported at page 1029 of the Senate *Hansard* of that year. I think it is fairly authoritative. It is perhaps true that the provision in the British North America Act relating to the Senate's power in respect of money bills would seem to limit those powers to a restriction on the imposition of taxes, but it should be remembered that in this day and age, when taxes are reduced, it simply means that other taxes are imposed on other people; and from that point of view it seems to me that tax reductions affect ways and means.

Hon. Mr. Euler: May I point out that if that theory is correct the Senate cannot make any reduction in taxation, because it would involve some increase in taxes which are beyond the powers of this house. Consequently there would be no possible use in bringing a money bill into this house, because, on this assumption, it could not be dealt with if a reduction was effected, and certainly not if there was an increase.

Hon. Mr. Thorvaldson: I am not saying that the honourable senator may not be right in the view he has expressed. The problem is a big one, and I do not feel as well equipped to discuss it as members with longer experience here. That is why I referred honourable senators to the statement made by the honourable Leader of the Opposition two years ago.

Before I conclude, may I say something with regard to the amendment of this section which the committee presumed to make? In doing so I desire to reiterate the remarks made at the opening of the house today by the honourable senator from De la Durantaye (Hon. Mr. Pouliot) about the inherent danger of making changes or amendments to taxing statutes in committees or in the house. It is a dangerous practice indeed, at least without discussing the wording of proposed amendments with the law officers of the Crown who are in charge of the legislation in question.

Let me read what has been done in regard to section 26. This is how the section read in the bill when it came to the Senate:

> For the purposes of this Part, in determining the value of any property no allowance or deduction shall be made for or on acount of income tax.

That is a clear statement. Now I will read the section as amended by the Banking and Commerce Committee:

> For the purposes of this Part, in determining the value of any property no allowance or deduction shall be made for or on account of income tax,

That is exactly the same wording so far. Then comes these additional words:

> —except where a superannuation or pension benefit is taxable under the Income Tax Act.

The point I want to make is there is nothing in the amendment which authorizes the department to do anything in regard to those things. To explain my position I just want to say that any change of taxation which might be made by this amendment is simply by inference. There is no positive statement that a certain thing can or cannot be done. It simply creates an exception which is absolutely meaningless unless words such as these are added—and I think if they were added the amendment would become meaningful:

—in the case of which an allowance shall be made in respect of the income tax payable thereon.

Hon. Mr. Brunt: Would the honourable gentleman mind repeating that slowly?

Hon. Mr. Thorvaldson: The words are:

—in the case of which an allowance shall be made in respect of income tax payable thereon.

I have no desire to help the committee in drafting an amendment to this section, but I do suggest that the amendment as drafted leaves the section completely, wholly and utterly meaningless. It would mean absolutely nothing. I have just referred to it because both the honourable senator from De la Durantaye (Hon. Mr. Pouliot) and the honourable senator from De Lorimier (Hon. Mr. Vien) referred to the dangers of amending taxing statutes without complete and full consultation with the law officers of the Crown.

In conclusion I want to say that the Estate Tax Bill is a good one.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Thorvaldson: It is a great improvement on the law of this country in respect to the taxing of estates, or what we have heretofore referred to as succession duties. A large majority of Canadians want this bill to be enacted at this session. Many organizations throughout this country, which were referred to in the report, have been appearing for a period of some six to eight months before the Minister of Finance and departmental officials in regard to this legislation. They have made innumerable suggestions for amending and improving the bill and many of their proposals have been accepted by the Government. The majority of the amendments suggested by the Senate Banking and Commerce Committee are, in my opinion, excellent. They will be useful in the administration of the act and will ease certain situations for the taxpayer which need to be eased. Notwithstanding this, we have this one amendment which I say is meaningless, which it is proposed to impose on the Government despite the fact that it is pretty well known that it cannot possibly be accepted by the Government.

Honourable senators, I do submit that this bill should be allowed to pass this session and that the Senate should not do something now which would prevent its passage.

Hon. T. D'Arcy Leonard: Honourable senators, as the mover in committee of the amendment to section 26 I would like the privilege of replying to the remarks just made by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). First of all, may I compliment him upon presenting his case with his usual clarity. I am glad to have this opportunity to speak and I hope to make clear the desirability of this particular amendment.

Perhaps I should start by commenting on the honourable gentleman's statement that this is a good bill and that the other amendments the Senate Banking and Commerce Committee has made are excellent. I agree wholeheartedly. This is a good bill. Ever since 1940 I have consistently advocated the principle of estate tax as a federal tax on inheritance. I am glad to compliment the minister and his officials on the work they have done to supplant the sucession duty legislation with this estate tax measure. In my opinion it is a definite improvement, not only as to the principle of taxation. It includes desirable changes with regard to the taxing of the property of a person passing on death. I refer to increased deductions, the joint interest of the deceased in property, and the 15 per cent tax on property of non-residents in lieu of a graded tax. Those are desirable amendments.

I turn now to section 26 of the bill. In my opinion the amendment under discussion improves the section. Let me give my explanation of what the amendment does. The original section contained a provision having an effect similar to one that has been in the Sucession Duty Act since 1952. That provision is that in determining the value of any property covered by that part of the legislation no allowance or deduction shall be made for on account of income tax. The amendment which was made in the Banking and Commerce Committee added the words "except where a superannuation or pension benefit is taxable under the Income Tax Act". The effect of this amendment is that in the case of a superannuation or pension benefit which has at the time of death, a built-in tax liability or payment of future income tax on the capital element of that pension benefit, such liability can be taken into account in ascertaining the value for estate purposes of that superannuation or pension benefit. That is the intention of this amendment.

Let me illustrate what that means by referring to a case which was put forward in our Banking and Commerce Committee. This

is a case which actually occurred. A man—we may call him "John Doe"—died on August 1, 1958. Among the assets of his estate was a pension insurance policy in the amount of $34,282.72. This policy was purchased entirely with funds upon which no income tax was paid.

Hon. Mr. Aseltine: What was the total value of that estate?

Hon. Mr. Leonard: I was told the estate was approximately $100,000. Perhaps that has some relevance to my honourable friend. It has no relevance to me as far as the matter of double tax of an asset is concerned.

In that case income tax will now have to be paid on this sum of $34,282.72. That is quite right and proper, and there is no quarrel with that aspect of the case. It is estimated that income tax will amount to $11,700. The succession duty office proposes, in accordance with the provisions of the present Dominion Succession Duty Act, to charge duty on the full value of $34,282.72, and to make no deduction from that value for the income tax of $11,700, which has to be paid. Now, had the deceased withdrawn the $34,282.72 a month before he died, or indeed at any time before he died, he would have paid $11,700 income tax and the resulting net value to his estate would have been only $22,582, and that is the amount on which he would have paid succession duty. My illustration happens to deal with a commutable pension policy, that is, one which in certain circumstances can be cashed in, but the same result would follow even if that policy had been payable over a period of years. There is no doubt that if in valuing the annuity no allowance is made for the built-in tax liability, there is in effect a tax on a tax.

Honourable senators, I went back to 1952 to see the reasons given at that time for the introduction of this provision whereby no allowance was to be made on account of income tax. I had a recollection that it was to cover the type of case of a company having an accumulated surplus. In so far as I have been able to ascertain, from reading the debates, that is the type of case mentioned by the then Minister of Finance, the Honourable Mr. Abbott. I find that in the House of Commons debates of May 26, 1952, at page 2598, in describing the operation of section 33, which is now the equivalent of section 26, the minister said.

> This amendment is to spell out in our act, as I know it is spelled out in the Ontario act, the provision that under such circumstances no account shall be taken of a possible liability for income tax when profits are distributed. For obvious reasons I think that could not be taken into account because the amount of income tax which would be payable would depend upon the bracket in which the individual shareholder happened to be, what other income he had, and so on. Therefore there is a means now available in the law to enable people in that position to protect themselves against excessive liability for both succession duties and income tax.
>
> In answer to my hon. friend's question, it is and always has been the law that the fair market value must include whatever is in the assets of a company at the time of death and that no account shall be taken of any potential income tax liability.

Then Mrs. Fairclough asked:

> Why was this clause necessary? Were there certain circumstances under which the income tax payable was deducted twice?

Mr. Abbott replied as follows:

> There was a case in one of the provinces, I believe British Columbia, where it was held that might be the result of our law as enacted at the present time. This section is putting into our law what I know is in the Ontario law.

Hon. Mr. Haig: May I ask the honourable member a question? Was income tax paid on that amount of $34,000 during the lifetime of the insured?

Hon. Mr. Leonard: No income tax was paid on that in his lifetime, and therefore it became payable after death. Had it been paid in his lifetime the succession duties on the amount of income tax paid would have been less.

Now, the effect of this section has been to apply not only to the case of the valuation of shares to the company, but also, of course, to this type of case where there is an income tax liability in connection with superannuation or pension benefit. Notwithstanding a good many cases of unfairness which have arisen I think there are two reasons why the amendment has not been made hitherto. One is that there is still some confusion in thinking as to the two types of property, and as to two types of pension benefits. With due respect, I suggest that the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) has had some of that confusion between the types of property in the remarks he made. You can have a pension benefit which has been provided by tax-paid money, that is, where income tax has been paid upon the money, and in that case the full value of the pension, naturally, should be taxable in the estate. But in that case, because the income tax has been paid, the capital value of the estate for estate tax purposes will be less than otherwise it would be, by the amount of income tax paid on the purchase money.

Coming back to the $34,000 case of Mr. Doe, he could have bought an annuity immediately prior to his death with money upon which income tax had been paid, and in that case,

the full value of the annuity would be taxed for estate tax purposes, but he would have been out the $11,000 he had already paid, his estate would be less by that amount. It is because, instead of paying it in his lifetime, he defers it, that this question of double tax arises. Income tax liability is still a debt against that particular asset because it is built into the asset and the pension amount cannot be withdrawn without paying that income tax. On other assets, such as the rent of a house, or income from shares and bonds, income tax is paid on earnings subsequent to death. In this one particular type of asset, there is a built-in liability, existing at the time of death, and the asset cannot be realized upon except on payment of the tax.

The honourable senator from Winnipeg-South also referred to the matter of ways and means. Last night in committee Dr. Eaton said—and I think I am quoting him correctly—that the effect of this new bill on the current fiscal operations would be, I will not say negligible, but not of any great effect. That is natural. After the bill has been passed a certain period of time must elapse while the public is being informed of this new type of estate legislation so that wills may be changed and proper provisions made in the light of the new legislation. It will apply only to those persons dying after that time has elapsed and the act comes into effect. There is a period of six months allowed for the payment of the tax on the estates of those persons, and this particular amendment in itself, even in a full year of operation, could not be of any great consequence in the overall picture, even though it might be of very considerable importance to the individual taxpayer.

In this house and in the Banking and Commerce Committee we have dealt with this amendment on non-party lines. The same argument which I put with respect to the double tax was put by the honourable senator from Hanover (Hon. Mr. Brunt) on second reading, and he put it more cogently than I could. Our debate and our division crossed party lines. As far as I am concerned I put the amendment forward for purely personal reasons because I thought it was the proper thing to do. I hold no brief for anyone, except that I think a good many annuitants and people on pensions are now and have in the past been unfairly dealt with, and will be unfairly dealt with in the future unless this amendment is adopted. There is a growing number of these pension plans in industry. A very large percentage of our wage earners and salaried people in Canada are now covered by pension plans, and nearly all the plans are based on the principle that an allowance is made from income tax during lifetime or during the time in which the employees are contributing to the pension plan, and income tax is payable thereafter when the pension is received. It is on their account alone I think some proper amendment should be made.

As far as I know there is in fact no discrimination against other forms of property by this amendment. The present act, of course, in section 34(3) discriminates against this type of property. It may be that other types of property are also being discriminated against by section 34(3) of the present act. If so, probably they should be treated in the same way as superannuation and pension benefits. That does not make this provision any worse.

I was interested in going back to the House of Commons debates of 1952 and reading some of the comment which took place when budget resolutions were discussed. Mrs. Ellen Fairclough, now the Honourable Ellen Fairclough had this to say, as reported at page 1554 of the House of Commons *Hansard*, 1952 session.

> We assume that a man purchases a pension payable to himself on retirement or to his estate upon his demise. The pension was provided, let us say, by tax-free contributions, and therefore it is fully taxable as income when it is received. Well, that is all quite regular; it is an accepted fact, and the purchaser knows it before he makes his contract. The purchaser dies, and the widow is the sole beneficiary. The pension is then valued for succession duty purposes and is part of the estate that he has left. . . . It is, I submit, an anomaly that the value of the pension is fixed for succession duty without any abatement of income tax.

I quite agree with that statement.

Hon. Mr. Croll: But she does not agree with it now.

Hon. Mr. Brunt: We do not know.

Hon. Mr. Croll: She voted in favour of the bill.

Hon. Mr. Leonard: I am not sure that she has had a chance to consider this amendment.

The honourable senator from Winnipeg South referred to the draftsmanship of the particular amendment. I hold no brief for the draftsmanship. It was submitted to our Law Clerk. If the amendment is accepted in principle I shall be quite happy to have any proper wording that carries out that principle and is acceptable to our Law Clerk used in the amendment. So far as I can see, the words suggested by the honourable senator would merely make the intention clearer. Once the provision that income tax is not to be taken into consideration is struck out, then surely in valuation one must fall back on the value of the pension benefit; and if the pension benefit has a built-in tax liability

it is obviously not as valuable as a pension benefit of the same amount that has no built-in tax liability.

I realize there are practical difficulties with respect to valuation of pension benefits, but there are practical difficulties with respect to valuation of a great many assets. Take the particular case which has been quoted here today. There would be no difficulty in valuing that particular pension benefit if this amendment were accepted. And in other cases I have seen I think it is quite practical to set a fair market value.

Perhaps it is not for me to comment on what might happen to this bill when it leaves this place. I have known the Minister of Finance personally for a good many years and I have a high regard for him. I would hope he would accept all the amendments we made in the spirit in which they have been put forward, as a constructive work on the part of this house and designed to improve what we think is good legislation.

Hon. Muriel McQ. Fergusson: Mr. Chairman, my first remark on this section is in reply to the statement made by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) when he stated that the amendment would involve considerable discrimination. Well, I consider that there is some discrimination in this bill anyway and I would refer honourable senators to section 7, which provides that there is to be a deduction of $60,000 for a widow when her husband dies, but if the wife dies first her husband can only claim the same deduction if he is infirm and has a child under 21 years of age who is wholly dependent on him. If that is not rank discrimination against men, I don't know what it is. We women are interested in the family, and we feel it is just as important for the husband to have money to bring up the family when his wife has died as it is for the wife to have money to bring up the family when her husband has died. When the husband is left he has to hire help and is put to great expense. I leave that with you as an example of discrimination in this bill, and one which the women of Canada do not appreciate. Women ask for equality; they ask to be treated as equals with men; they do not ask for preferential or generous treatment, but just that they be treated fairly. This item certainly shows discrimination.

I would like to be able to express as clearly as did the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard) some of the points which he raised. I certainly consider that unless this amendment is accepted great hardship will be caused to many people. Many a woman who becomes a widow is entitled to part of a benefit or pension that her husband was receiving. This of course must be capitalized, and the widow must pay the sucession duty or the estates tax on that amount within four years. True, the bill does extend the period of payment to six years. But I emphasize that even to be required to pay the tax off in six years may put a heavy strain on what slender resources the widow may have.

Many dozens of cases have come to my attention where widows in these circumstances have suffered great hardship. I am sure if honourable senators knew the details of them they could better appreciate the fact that despite the need of the Government to raise revenue, which we all realize it has to do, it must not raise it at the cost of great sacrifice to widowed mothers. I would remind honourable gentlemen that we believe the state was made for man and not man for the state, and although we require this money to carry on the state I don't think we should at the same time ignore the individual.

Perhaps I am getting away from my point, which was to emphasize the fact that it is hard enough for the widow to pay the estate tax on the capitalized annuity or pension which she is going to get, but it is adding insult to injury to require her to pay income tax on money which she has never received. We feel that should not be done.

Honourable senators, I am very pleased to support the amendment to section 26 which was moved in the Banking and Commerce Committee by the honourable senator from Toronto-Rosedale.

Hon. Salter A. Hayden: Honourable senators, I think the amendment to section 26 which has been proposed and reported by the committee, is fair and is intelligible, and that there is great public demand for it. It is fair because it extends some consideration in the field of estate tax to a large section of the public who may be dependent on the proceeds of a pension benefit or a superannuation benefit after the death of the breadwinner in the family.

This amendment was not something that was concocted by the members of the committee who supported it solely for the purpose, or indeed at all for the purpose, of being cantankerous or for making a change in a bill that came before the committee. There was, and there is, a large body of public opinion, as was evidenced by representations made before the committee, which favours this kind of legislation.

The amendment, in essence, is very simple. For instance, where a pension benefit accrues to a widow on the death of her husband the capitalized value of that pension is determined for the purpose of compiling the estate of the

deceased husband. When a pension is capitalized on the basis of, say, an annual payment of $2,000 a year, and the widow has a life expectancy of 20 or 25 years, reference is made to the mortality tables and a calculation is made of the capitalized value of the pension at $2,000 a year for the 20 or the 25 years. The objections made in the representations which were given effect to in part by this amendment, were these: that there is inherent in the annual pension payment going to the widow, in the sum that has been built up by the contributions of the husband without tax, and in the contributions of the employer without tax on the husband's lifetime, a deferred tax liability; and the pension that goes to the widow after the husband dies has taken from it each year some element of income tax to satisfy the deferment that was granted with respect to payment of income tax during the lifetime of the husband when the fund was being built up, so that it would be there ready to provide payments after he died.

The view of the committee was that such a set-up is not fair, that it does not represent fair market value of that pension at the date of the husband's death. If you capitalize the pension without reflecting the liability for income tax that is inherent in it, as the moneys are paid out, it is essentially unfair. By doing so you capitalize something which the widow receives only as a conduit pipe, because the amount she receives has this tax element in it. She receives the money and pays it out; or, depending on the source, the payments may be withheld or deducted by the payer corporation and never be received by her. Yet, under the present Succession Duty Act and the bill as drawn, in capitalizing the value of that pension you include all those elements. In all fairness, if you were attempting to arrive at the present value of, for instance, a debt which was owing to you five years hence—let us say the debt was $10,000—would you by any stretch of the imagination say that the value of that debt today, payable in five years, would be the full principal sum of $10,000? Indeed, if you were attempting to arrive at the fair market value of that debt you would translate it into present-day terms, and decide what is the value of what you are going to get in five years.

Those were the thoughts that agitated the minds of most of the members of the committee. I would say, if there was one point upon which the members appeared to have more unanimity than on any other point it was this question. The discussion indicated that they felt this was a situation which required some attention to see if there was any other way of dealing with it. We have dealt with it as set out in the proposed amendment.

My friend the senator from Winnipeg South (Hon. Mr. Thorvaldson) tells us many things about the amendment, one of which is that it is meaningless unless we add more words to it. Well, if he considers it is meaningless, and if his opinion is held by the Government, why are we wasting time discussing it in this committee? If it is meaningless it cannot affect the bill, so why waste time? Let us get on to some other piece of legislation. But my friend says it is meaningless unless after the words "no allowance or deduction shall be made for or on account of income tax, except where a superannuation or pension benefit is taxable under the Income Tax Act" there are added the words "in the case of which an allowance shall be made in respect of income tax payable thereon". My friend is being almost wasteful in his use of words, and I am astonished to find that characteristic in a lawyer as well known as he is.

Hon. Mr. Thorvaldson: Well, I am just from Winnipeg!

Hon. Mr. Hayden: I suggest that this kind of sentence makes about as much sense as his objection to the amendment on the ground that it is meaningless. For instance, one might as well say, "No one shall enter this Senate chamber except a senator, in which case he may enter the Senate chamber."

Hon. Mr. Thorvaldson: That is entirely different.

Hon. Mr. Hayden: Are these additional words necessary in order to get the intent and the meaning? It is obvious to me that even my friend appreciated the meaning, because he addressed himself to the problem a little earlier and said that if we adopted this amendment we would be discriminating in favour of these people as against an infinite variety of other cases where we were not giving relief. How could the amendment be discriminatory if the words themselves are meaningless?

So, I say, the words have a meaning, and a clear meaning. All we are trying to do is to get the present fair market value of a pension which a widow may receive on the death of her husband, and have it valued according to the true elements of market value, not with elements which add nothing to her benefit; and in that instance I say that there is the element of income tax which provides no benefit for her and which must be paid. There is nothing in this bill which provides for any abatement of the income tax payable, and we say that, since it must be paid, it is not a proper element

to be considered in arriving at the capital value of the pension at the date of the husband's death.

My friend said something else which, I must say, I found rather irritating. I have been in this house a little longer than he has.

Hon. Mr. Thorvaldson: I admitted that, did I not?

Hon. Mr. Hayden: I have been here over 18 years; and in all that time I have never taken the position in relation to any legislation that my consideration of it must be weighed in the balance of whether or not the Government would accept my thinking. I thought my duty was to look at a bill, and look at it quite impersonally, in the interest of the people of Canada, whom we represent, and then decide whether it is constitutional or unconstitutional, whether it is in the interest of our people or of a large section of them, whether it does violence to minority rights in various parts of the country, and that having satisfied myself on these points I should decide whether it was a good and beneficial piece of legislation. I am not nor have I ever been prepared to accept the assumption that, in considering whether I should vote for or against any bill, I should weigh in the balance the view of the Government as to whether or not my conclusion would be acceptable to it. In respect of the present amendment I have had no such indication, because the amendment in this form has not come before the Government. But if I were to rely on precedent I might point out that recently the Senate amended a section of a bill which had been reported back to it, and at that time it was said, "Oh, the minister will not accept that amendment." That was why today there was a slight ripple of applause when the bill came back from the House of Commons and it was announced by the honourable the Acting Speaker that that House had accepted the amendment. So I cannot presume that this bill is not acceptable to the Government; and although my honourable friend the senator from Winnipeg South is the sponsor of the bill in this chamber I question his right to make the statement, as well as the propriety of making it, that the bill with this amendment to section 26 is not acceptable to the Government. There is an orderly process by which we can find that out. In the meantime let us deal with the bill on its merits. Either it is meritorious or it is not. If it is not, let us vote against it, but let us not vote against it because of a conjecture that if it is returned to the other place with this amendment the Commons will reject it.

The honourable senator who has just spoken, as well as previous speakers, have stated that it is a good bill, and if it is desired to add volume to their pronouncement I will agree that it is a good bill, that is, good by reference to the existing law. My early training in grammar taught me that there are different degrees of progress—good, better, best. It is too much to expect to reach in legislation the stage of "best", but I am always hoping that we can progress from good to better. I believe that this amendment will produce a better bill than the bill—which is a good bill—without it. If the bill is as good as it is represented to be, I am not concerned whether this amendment will mean the difference between the enactment or non-enactment of the bill into law this year, especially in the light of all the publicity which has been given to the great advantages and benefits which people will gain under the proposed legislation.

With regard to the question of the Senate's powers, I thought the last remnant of that argument was hopelessly sunk last night, when Dr. Eaton admitted that so far as ways and means are concerned in the present fiscal year of the Government the revenues from this measure were not considered at all. He made that very flat statement last evening, toward the conclusion of our hearing. In due course honourable senators will be able to read it in the report of the committee's proceedings and observe how close I am to an accurate quotation of his words. Now, if we are not disturbing in any wise the balance of ways and means as regards the fiscal policy of the Government and the administration, if the Government, in laying out its finances for the year, whether budgeting for a deficit or a surplus, has not given any consideration to what this measure might produce if it were in force during the period, what force is there to the question of our constitutional powers? Dr. Eaton explained that it would not affect present revenues because, obviously, it takes some time to educate the public. People will have to be told of the material changes, and they may have to review and in many cases rewrite their wills to take care of the incidence of tax liability. Some time is likely to elapse, even after the bill is proclaimed, before it comes into force. And so, since taxes will not be payable for six months after death, the time will run to the end of the Government's present fiscal year. This is a further reason for saying that anything which might result from this amendment, by way of more revenue, or less, cannot be a factor in the balance of ways and means of the present fiscal year of the Government.

I find it difficult to accept the proposition of my honourable friend that when the Senate reduces taxes it has the effect of

increasing taxes somewhere else. There is no question as to the power of the Senate to reduce taxes. If my honourable friend wants more supporting material, he heard me refer to the opinion of the Chairman of a Senate Committee which made a report on this very question in May 1918. The substance of that report still stands. It reaffirms what is provided in our Constitution, that while the House of Commons is the only authority which can impose taxation—and therefore which can increase taxation—there is no law to prevent the Senate from reducing taxes. As a matter of fact, we are delinquent in our duty if we do not do so in a proper case. When we pass an amendment which may put a fair-market value on an asset, such as a pension or superannuation benefit, thereby having the ultimate effect of reducing the amount of tax that may come from an estate, as far as I am concerned it does not in any sense increase taxation. On the other hand, if it has the effect of decreasing taxation, then it is well within the power of the Senate to pass such an amendment.

This is a good amendment to a good bill and it should provide no embarrassment. As a matter of fact, the Government should receive additional accolades because of the Senate's function and action in listening to the representations of so many people across Canada who asked to be heard and in providing this much needed relief.

Hon. W. M. Aseltine: Honourable senators, I am always delighted with the eloquence of my honourable friend from Toronto (Hon. Mr. Hayden), even though I cannot always agree with his argument. He is frequently correct but I cannot follow his argument on this occasion.

In reply to the honourable gentleman from Toronto-Rosedale (Hon. Mr. Leonard), let me say that we should not try to draft taxing statutes on the basis of one or two unusual examples. That was the sort of approach made to this bill throughout the meetings of the Banking and Commerce Committee. Some exceptional case would be cited that would have this, that or the other effect.

I am absolutely unable to approve this amendment to section 26, for the reasons which were so eloquently given by the minister himself when he appeared before our committee, and by the three or four officials of the Department of National Revenue and the Department of Finance. I hope the house will agree that we should not jeopardize passage of this legislation by trying to insert an amendment of this kind which would be discriminatory in so far as other sources of income are concerned. In the first place, it was explained that this scheme is unworkable and that no method had been found whereby the tax could be ascertained. A second objection was that it is discriminatory, a fact that has been satisfactorily proven by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). The third objection was that it would interfere with the balance of ways and means. Now, it might not do that during the next two or three months but, if this bill is passed, it will have a bearing on the balance of ways and means for some time unless something happens in the future. Like the honourable gentleman from Winnipeg South, I would call attention to the excellent address made in this house in 1956 by the present Leader of the Opposition in the Senate (Hon. Mr. Macdonald), who at that time was Leader of the Government here. After referring to the same opinion that the honourable gentleman from Toronto (Hon. Mr. Hayden) referred to a moment ago, the honourable leader of that day said:

> In my opinion it would be most unwise, although within its legal competence, for the Senate to substitute its judgment in this matter at this time. I believe that so far as possible "the balance of ways and means" should be preserved, and that the Senate should not lightly or without the most mature reflection upset the calculations of those charged with making those calculations and with the preparation and initiation of the measures designed to bring them into effect.

And referring to the clause then under discussion he said:

> I do not believe that the clause concerned is of such a nature or order that the Senate should intervene at this time. For these reasons, I must oppose the amendment suggested by the Standing Committee on Banking and Commerce.

Hon. Mr. Power: May I ask the honourable Leader of the Government (Hon. Mr. Aseltine) a question, as a matter of curiosity? I do not remember clearly, but I am under the impression that perhaps he himself voted against that opinion of the then Leader of the Government (Hon. Mr. Macdonald).

Hon. Mr. Macdonald: That is my recollection too.

Hon. Mr. Power: It seems to me that what the honourable leader has just read was a consequence of an amendment which I had introduced contrary to the wishes of the Government of the day. A vote was taken in this house on a motion to refer the matter back to committee, and I think 16 or 17 honourable senators voted to the effect that the bill be not referred back to committee but that it be carried with the amendment. As I say, I am under the impression that the present honourable Leader of the Government voted in the same way that I did.

Hon. Mr. Aseltine: There is no record of it here, and I am quite sure I did not do that.

Hon. Mr. Power: I am just asking.

Hon. Mr. Aseltine: At any rate, I have just given the house the opinion expressed on that former occasion by the present Leader of the Opposition (Hon. Mr. Macdonald). Getting back to the bill, the members of the committeee made certain suggestions to the minister, as a result of which the departmental officials drafted all these amendments except the one now in question. There were seven such amendments. This one that we are considering now was not acceptable.

Hon. Mr. Hayden: There were only five amendments unless you include some minor ones for the insertion or deletion of punctuation and the word "and".

Hon. Mr. Power: And acceptance of those was an important concession!

Hon. Mr. Aseltine: Every speaker this afternoon has said this is a good bill. I agree. I know it is a good bill. The honourable senator from Fredericton (Hon. Mrs. Fergusson) overlooked the fact that in 99 cases out of 100 there would not be any tax at all in a case of the kind she suggested, because there is a $60,000 exemption. Unless the people in New Brunswick are far more wealthy than those in Saskatchewan this would not have much effect.

Now, I have received all manner of communications from people all over the country, and they want this bill passed. When I go back to Saskatchewan I do not want to have to tell the people there that this bill has not been passed and that this exemption of $60,000, and $10,000 for each child, will not be the law in the case of the death of a testator or a person who has not made any will at all. They expect this bill, which is relieving legislation, to be passed.

Honourable senators, I say in all sincerity that I hope that this honourable body will not insist upon the amendment and thus hold up passage of the bill for an indefinite period.

Hon. W. Ross Macdonald: Honourable senators, in view of the fact that a speech which I made a few years ago has been mentioned two or three times during this debate, I feel that I should rise and say a few words at this time. Needless to say, I am very flattered to think that a speech I made more than two years ago is still remembered. In future I shall try to make speeches equally as good.

I am also very pleased to know that apparently the Leader of the Government (Hon. Mr. Aseltine) has been converted to my way of thinking with regard to money bills. Like the honourable senator from Gulf (Hon. Mr. Power), I must say that in 1956 the Leader of the Government was not in accord with my views. It has taken two years to change his opinion, but two years is not a very long period in one's lifetime.

Honourable senators, I was one of those who opposed quite strenuously in committee the amendment to section 26 of the bill—at least, if not strenuously, it took me a long time to do the opposing; and although, shall I say, the wind was taken completely out of my sails by the remark made by Dr. Eaton with respect to the revenues which it was expected would be received under this bill, nevertheless I still feel that I cannot support the amendment at this time, because in my opinion the money to be raised by the Government is a matter peculiarly and strictly in the hands of the Government. The Government has drawn up a financial scheme for carrying on the business of the country, and the revenue to be received from this bill is included in the money which is to be required by the Government. However, having said that, I can say that that is the only reason why I cannot support the amendment.

I think the amendment has considerable merit. I cannot say that I agree with the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) when he says that the amendment will not be accepted by the Government. As the senator from Toronto (Hon. Mr. Hayden) pointed out, I do not think that anyone in this house can say now that the amendment will not be accepted by the Government. I agree with everything he said in that connection. It is for us to propose our amendments, and I think we have every right to propose an amendment. To say now, before the minister has read the debate which is taking place in this house, that the Government will not accept the amendment is, I think, going altogether too far. Indeed, the Minister of Finance might be influenced by this debate, just as the Leader of the Government (Hon. Mr. Aseltine) was apparently influenced by the speech I made the other day in the committee on ways and means.

It is true that in the first instance I opposed this amendment. I did so, for one reason, because I thought it would disturb the balance of ways and means. I also opposed it because I thought it was the responsibility, as I still feel it is, of the Government to propose the measures for raising the finances of this country. That is their business.

Now, I think most of us admit that this bill will not affect the finances of the country this year. It will in years to come. This bill will not affect the balance of ways and means. My friend the Leader of the Government said in effect that the bill will affect the balance of ways and means in years to come. Well,

the set-up of the finances of the country is on an annual basis, and the balance of ways and means can be affected only in respect to money that is received in any one fiscal year. In view of the statement of Dr. Eaton in committee last evening to the effect that the Government did not expect this year to receive any revenue from this bill, this bill cannot in any way be considered as affecting the balance of ways and means.

I know honourable senators will think that I am talking around the bill, and I rather feel that I am. The only reason I am not supporting the amendment, as I have said, is that the Government has the sole responsibility of bringing forward financial legislation of this type.

Honourable senators, it has been said that this legislation is unfair to a certain class of people. From the speeches that have been made here today, and from the instances that have been given, it does appear to be inequitable, in that those who pay the income tax throughout their lifetime do not pay estate tax on the amount of the income tax they have paid when the annuity comes into the estate, whereas one who has not paid the income tax pays the estate tax on the capitalized value of the annuity plus the unpaid income tax which is not considered to be a debt. I can follow the argument of the honourable senator from Toronto (Hon. Mr. Hayden) when he says that is a debt which should be excluded from the estate in arriving at the amount of the tax, and I would go along with that if it were not for the way I feel with regard to the position which we must take in connection with a financial bill.

It has been said here today, and emphasized, that if this amendment is carried it will jeopardize passage of this bill. I do not want to misquote the honourable senator from Winnipeg South, but I understood him to intimate that if this amendment were carried the bill would be defeated.

Hon. Mr. Thorvaldson: I was not speaking for anybody else. I gave that as my own view, and I am entitled to do that.

Hon. Mr. Macdonald: I understood my honourable friend said this amendment was not acceptable to the Government, and in reply I say I do not know how he could possibly make that statement. In any event, he did intimate that if the amendment is not acceptable to the Government the bill would of necessity be defeated.

Hon. Mr. Thorvaldson: I believe the minister stated to the committee some time ago that the amendment to the section was wholly unacceptable to the Government.

Hon. Mr. Macdonald: I think we all want to be fair about this because, as the honourable senator from Winnipeg South has stated, this is not a party matter. We should not have party issues in this house. In this debate honourable senators from both sides of the house have taken a prominent part in defending this amendment.

Hon. Mr. Brunt: And we have the honourable Leader of the Opposition expressing opposition to the amendment, as further evidence of non-partisanship.

Hon. Mr. Macdonald: There are no partisan issues here. Perhaps we can say that this is a bipartisan debate.

Now, honourable senators, if this amendment does carry, what will happen? The bill as amended will go to the House of Commons. That house will then consider it, having read what has taken place here this afternoon. The other house may approve of the amendment; if it does that is the end of it. But if after debating the amendment the other house disapproves of it, the bill will then be returned to the Senate and we will read what took place over there and, after further consideration, we may still feel that the amendment should go through, or we may decide that perhaps we should not press it.

I do not think we can come to a conclusion on that question at the present time. The amendment is before the Senate. I have listened to the debate so far in the Senate, I followed closely the discussion in the standing committee, and I am going to vote in accordance with the views which I expressed at the commencement of my remarks this afternoon.

The Chairman: Is the committee ready for the question?

Hon. Senators: Question.

The question of concurrence in the amendment being put, the committee divided as follows: Yeas, 29; nays, 11.

On the committee's fifth amendment.

Page 28, lines 1 and 2: Strike out lines 1 and 2 and substitute therefor:

"The value of the debt shall, unless it is established that at the time of the creation of the debt the deceased and such debtor were persons dealing with each other at arm's length, be determined for the purposes of this Part as though the amount thereof outstanding"

Amendment agreed to.

On the committee's sixth amendment:

Page 35, lines 6 to 13: Strike out lines 6 to 13, both inclusive, and substitute therefor:

"43. (1) Any amount payable as tax, interest or penalties under this Act by a person as the successor to any property passing on the death of a deceased shall, where the property to which that

person is the successor includes any estate or interest in land situated in Canada, be and continue to be for as long as that amount or any part thereof remains unpaid a lien upon such estate or interest; and"

Amendment agreed to.

On the committee's seventh amendment:

Page 35: Immediately after subclause (1) of clause 43, add the following as subclause (2):

"(2) Notwithstanding subsection (1), the consent of the Minister under section 47 to the transfer of any land or any estate or interest therein upon which a lien under subsection (1) exists shall be deemed to discharge such lien, and the Minister shall, upon application therefor made to him in any case where subsequent to the registration of any caution of lien as provided in subsection (1), any such lien is discharged, whether by payment in full of the amount thereof or in any other manner, issue to the person by whom the application is made a certificate of such discharge."

Amendment agreed to.

On the committee's eighth amendment:

Page 36, line 22: Strike out line 22 and substitute therefor: "to be made one or more copies thereof and shall, upon request by the person from whom the original document was seized or by whom it was produced, in any case where a copy thereof has been made pursuant to this section, send a copy thereof to such person or, if no copy thereof has been made pursuant to this section, allow such person at any reasonable time to have access to the document so seized or produced, and a document"

Amendment agreed to.

Concurrence in the amendments was reported.

The Hon. the Acting Speaker: Honourable senators, the Chairman of the Committee of the Whole to whom was referred the eight amendments made by the Standing Committee on Banking and Commerce to Bill C-37, intituled "An Act respecting taxation of estates," reports that they have taken the said amendments into consideration and have directed him to report concurrence therein. Is it your pleasure to concur in the amendments?

Some Hon. Senators: Carried.

Hon. Mr. Haig: No.

The Hon. the Acting Speaker: Carried on division.

Honourable senators, when shall the bill as amended be read the third time?

THIRD READING

Hon. Mr. Thorvaldson: I move the third reading now.

Hon. W. Ross Macdonald: Honourable senators, before the bill is read the third time, and since the house has not approved of the view which I take with respect to money bills, may I mention other amendments which I feel could have been made to this bill and which would have affected many more people and been more appropriate than the amendments that have been made.

I refer to one clause in the bill which provides that where an annuity is capitalized the tax will be assessed on that capitalized value and will be payable forthwith by the estate. Provision is made that in cases where there is hardship the minister may extend the payments over a period of six years. How great the hardship must be before the period is extended, I do not know. But I do know that if a deceased man leaves his widow an annuity which does not come into the hands of the estate—say it is an annual payment to the widow by an insurance company—the annuity is capitalized, and the tax is fixed on that capitalized value. If the deceased also left other property, including, we will say, a home or a farm, and the tax on the annuity is, say, $3,000, in those circumstances the Government is forced, under the provisions of this bill, to take $3,000 from the widow and apply it on the tax. Now, honourable senators, if we were going to do anything by way of amending this bill, I think that is one of the amendments we should make.

Hon. Mr. Lambert: Next year.

Hon. Mr. Macdonald: I still stand by my view and by the speeches I have already made on this subject.

I should like also to refer to the brief that was presented to the committee by the Canadian Federation of University Women. In this respect, honourable senators may recall that, according to the bill, if a man dies leaving a widow the exemption is $60,000; if he leaves a widow and one child the exemption is $70,000, and in the case of a widow and three children it is $90,000. Let us say that $60,000 of the estate goes to his widow. There is an exemption to that amount, as far as the widow is concerned. But the deceased can leave the balance of $30,000 to strangers. I hear my friend ask, "Why not?" My answer is that if there is an exemption of $90,000, the balance beyond the widow's share should go to the children. If some moneys are going to a stranger or strangers—and I do not suggest who he, she or they might be—why should the exemption be allowed on the basis of $90,000, when the children do not benefit?

Hon. Mr. Lambert: Is that not an exceptional case?

Hon. Mr. Macdonald: It may be an exceptional case, but I think the amendment which we just passed also applies to exceptional cases. The principle, I say, is wrong, whether it has to do with an exceptional case or not. It may create great hardship and unfairness, even in exceptional cases.

The point is, honourable senators, a man who dies today, leaving an estate of $60,000, on which there is no tax, does not have to leave that money to his widow. The honourable Leader of the Government (Hon. Mr. Aseltine) may say, "Oh, but the law of Saskatchewan requires him to leave it to the widow." Let me say the law of Ontario does not require him to leave it to his widow; and if the widow has sufficient moneys of her own she cannot go to the court and ask for any consideration. In this bill I think we are getting away from the home and the family. Therefore I say if any amendment was to be made affecting the revenue which would come to the Government through this bill, it would have been more fair to amend some of the provisions to which I have referred.

I referred to the brief that was presented by the Canadian Federation of University Women before the committee. Honourable senators will recall what a splendid brief it was, and how well it was presented by the representative of the federation. I thought a very fair case was made out. Let me read a few words from the brief.

> We are distressed to note that in spite of repeated submissions by thousands of Canadian women, no recognition has yet been made of the marriage partnership. We reiterate that—

This is what the federation wants:

> One half of a deceased marriage partner's estate should, if it passes to the surviving partner, be considered for tax purposes as earned by the surviving partner, and not therefore subject to estate taxation.

Honourable senators will note that this brief is in agreement with what I have been trying to say, that one-half of the money that passes to the surviving partner—not to some relative or friend—should be free from taxation. The university women do not say that a man has to leave half of his estate to his widow, but they do ask the Government, in cases where half of the estate goes to the widow, that it should be free from estate tax.

Honourable senators, if we are going to tell the Government of Canada how it is to raise its taxes, and where relief should be given from taxation—and I feel we should be free to tell the Government—then I think it would have been more appropriate had this house proposed amendments in accordance with the suggestions I have made, than in the manner in which amendments have been made.

Hon. Mr. Aseltine: Honourable senators, may I make a comment with respect to one point raised by the honourable Leader of the Opposition? In the province of Saskatchewan we do not make wills in the manner in which he suggests. In the 40 years during which I have been drawing wills—and when I am home I draw an average of four or five wills a week—the wife and children have never been left out. I cannot remember a single case in all those years where that happened; I should think it would be a most unusual circumstance if it did happen.

Hon. Paul H. Bouffard: Honourable senators I do not intend to speak very long on this bill. Like the Leader of the Opposition (Hon. Mr. Macdonald), I am of the opinion that the amendments which the Banking and Commerce Committee agreed to were far from being the most important ones proposed in the committee. Several amendments which were made in committee could be presented here, and if I do not propose any of them on third reading it is for the sole reason that the committee intimated that it could not support them. One such amendment which I proposed was for recognition of the family tie between a deceased and his wife and children. It is true, as some honourable senators have said, that in most cases the content of the will favours the wife and children. I hope that Canadians will continue to follow that course. But to my mind this tie is not recognized in the bill. It should not be permissible for a man to give what he has to outsiders and obtain the benefit of exemptions in respect of property which should be passed to his wife and children.

The second amendment which I proposed in committee, as recognizing the family tie between a deceased, his wife and children, was that the tax should be cut in half up to $200,000 of taxable value when the wife and children are the beneficiaries. This motion was not accepted, and for that reason I shall not propose it on third reading. But I still contend that it is the kind of amendment which should have been accepted, in recognition of the family tie, and I have not in mind particularly action in committee; the idea should be acceptable to the Government.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Bouffard: The law would in no way be complicated by the acceptance of the amendment. All that officials would have to consider was whether the woman and the children referred to in the will were in fact the man's wife and children: if so, nothing more would be involved than cutting the tax in half. The Minister stated before the Banking and Commerce Committee of the other place that to accept a suggestion of this kind would be an encroachment upon provincial jurisdiction. I cannot agree. As a matter of fact, honourable senators, everyone knows that in respect of income tax the Government allows an exemption of $2,500 in case of marriage. If the Government has the power to tax the family it has also the power to

reduce a tax. The tax imposed by the federal Government in this connection is harmful to the family tie, and we think that in these circumstances the only Government which can give them proper recognition, by cutting the tax in two, is the Government which imposes it. This is not a matter of provincial jurisdiction.

I repeat that I do not propose the amendment here, because it was unacceptable to the committee, and I do not want to waste the time of the house by proposing amendments which have not been accepted elsewhere. I still feel that the bill, although it is a good one, because it does reduce taxation to a certain extent, is far from being perfect. As I have said, it overlooks completely the claims of the family tie, to which we in Canada should give full recognition, in themselves, and for what they mean to our country.

Hon. Charles B. Howard: Honourable senators, I took objection to this bill when it was introduced here, but because I felt it was in the interest of the taxpayers to get it before committee as soon as possible I did not then make the speech that I had intended to make.

At the beginning of my remarks let me state that I agree one hundred per cent with what has just been said by the honourable senator from Grandville (Hon. Mr. Bouffard) as far as the family is concerned. I cannot consent to the proposition that money in an estate which is left to strangers should be in the same category as that which goes along the family line.

I have two reasons for suggesting that this bill be deferred. The Government has already announced, as everyone knows, that the Succession Duty Act will remain in force until the end of the present fiscal year, so the families of those who die in the meantime would not be prejudiced, and there would be opportunity not only to approve the amendments which the committee has agreed upon but to pass others which I believe would be valuable.

Let me mention some things I have in mind. It is true that the new legislation, as well as the present act, provides for the taxing of property wherever in the world it happens to be. On the other hand, let us take an example of what is being done. Suppose a person has a property of the value of $100,000 in the United States and another of equal value in Canada. Under this proposed law the value of the American property is added to that of the Canadian property and the rate is boosted into a much higher category. Then they go to the people of Canada and say, "That doesn't make much difference because they give you credit for the tax paid in the country where the other property exists." Just stop and think about this for a minute. Take the states of New York and New Jersey. The first thing the taxing authorities do there with respect to estate tax is to divide the estate in two and tax only one-half of it. Therefore the tax is based on $50,000 and at a very much lower rate than is the tax on Canadian estates. By adding $100,000 to $100,000 in Canada you get $200,000, on which I think the tax is $25,000 more. Instead of giving you credit for the tax on the total property, they give you credit for the tax paid in the United States. I claim that the tax credit in the other country should be at exactly the same rate as the tax charged on the property in Canada.

Hon. Mr. Brunt: What if it is a higher rate?

Hon. Mr. Howard: Don't forget that when this legislation becomes law, say in a year from now, other states will probably copy some of this legislation. As everyone knows, both in the United States and in England they have used the term "estate tax" instead of "succession duties". But what I had hoped for was the introduction in Canada of an Estate Tax Act which would be a considerable improvement over the Succession Duty Act. Let me say something else, and this is from a non-political viewpoint. At the present time nearly every province in Canada has an administration of the very same political stripe as that of the federal Parliament at Ottawa. A previous Government could not make any deal with the Governments of Ontario and Quebec, which are now on the same status as the federal Government. I claim that now is the time to get these provinces into the deal—

Hon. Mr. Aseltine: Who told you that?

Hon. Mr. Howard: —and get an estate tax law that will be uniform all over Canada. This can be done.

Hon. Mr. Brunt: Would the honourable gentleman permit me to ask him if he considers that the Union Nationale Government is a Conservative Government?

Hon. Mr. Howard: I was not going to make it quite as political as that, but if I were to tell you who elected the Quebec members to the federal Parliament at the last election—

Hon. Mr. Thorvaldson: Who did?

Hon. Mr. Howard: —it was the Union Nationale party.

Hon. Mr. Thorvaldson: It was the people.

Hon. Mr. Howard: At any rate, that is not the point. Now is the time to bring into existence an act which would be satisfactory to all. I can go further than that. As I

said once before, the taxpayers of this country are the customers of the state and we should not treat our customers as provided in this bill, especially when they are good customers. Nobody wants to pay more taxes than he has to but the Succession Duty Act came into force years ago to provide necessary revenues for the Government. But it seems to me there are plenty of ways to raise money other than by the imposition of an extraordinary estate tax. If it is argued that this money is required through the instrument of an Estate Tax Act, then, to my way of looking at it, it is practically a capital levy and nothing else, and I believe capital levies should be imposed upon people while they are alive rather than when they are dead, as this legislation does. While I admit some sections of this bill are an improvement on parts of the Succession Duty Act, it is not nearly as good as I think it could have been if more time had been taken to go into the matter carefully instead of having it introduced in the very last days of the session.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Howard: I do not want to delay honourable members any longer. I had not intended to address the house on this occasion and so I did not prepare a speech. However, I have expressed my views and I come back to the same point. Rather than have certain exemptions in certain cases, I would prefer that in the case of a family there be a flat exemption of $200,000, letting the estate tax be paid on only one-half, and that no estate tax should be payable on any estate under $100,000.

Hon. Muriel McQ. Fergusson: Honourable senators, unlike the honourable gentleman who has just spoken (Hon. Mr. Howard), I have prepared a speech. I want to put my views on the record but I am afraid it will take some little time to do so. As the hour is late I would be glad to adjourn the debate now, if that is the wish of the house.

Hon. Mr. Brunt: Could the honourable senator conclude her remarks by 6 o'clock?

Hon. Mrs. Fergusson: I am not sure.

Hon. Mr. Brunt: How about trying?

Hon. Mr. Macdonald: I am sure we would like to hear the honourable senator now.

Hon. Mr. Brunt: Yes; we could sit a few minutes after 6 o'clock.

Hon. Mrs. Fergusson: Thank you. This is the first occasion on which I have addressed the house in formal session this year. I report this with some regret and with the hope that I shall be able to take a more active part in our future discussions. I regret that His Honour the Speaker is absent, for even at this rather late date I wish to extend to him my felicitations and to tell him how much I admire the fair, dignified and distinguished manner in which he has been carrying out his duties both inside and outside this chamber.

I would also like to congratulate the honourable senator from Ottawa East (Hon. Mr. Choquette) upon the able manner in which he is carrying out his responsible duties as Acting Speaker.

I would like to say publicly, as I have said privately, how happy I was at the appointment of my good friend the honourable senator from Rosetown (Hon. Mr. Aseltine) as Leader of the Opposition—

Hon. Mr. Howard: You are referring to the future.

Hon. Mrs. Fergusson: —as Leader of the Government. I am sorry, however, that his appointment had to come about through the retirement of the honourable gentleman from Winnipeg (Hon. Mr. Haig), for whom we all have a great deal of affection and admiration.

To the new senators who have joined us this session may I say we have already welcomed you warmly, we enjoy having you with us and we hope you will continue for many years as our colleagues.

Honourable senators, it was a great disappointment to me not to be in this chamber when this bill was introduced here. It was impossible for me to be present but I have studied the bill and also read very carefully in *Hansard* the excellent explanation of the bill given by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) and the informative and illuminating debate which took place on second reading. I felt the debate was certainly of an especially high order and I would like to congratulate those who took part, although as it is late now I will not name them.

Although I am not a member of the Committee on Banking and Commerce, I have, nevertheless, either attended meetings when the bill was considered, or read the report of the meeting at which the bill was discussed. I have also read the debates of the other place on this bill, as well as the reports of the committee of that house which considered the bill. I cannot but feel that because no opportunity was given to interested groups and organizations to make representations before the committee of the other house, that the members of that committee were deprived of a great deal of information which they might have taken into consideration when the bill came up for third reading. I think it would have been to their advantage had they been given the opportunity to hear such representations.

Hon. Mr. Howard: Hear, hear.

Hon. Mrs. Fergusson: I am sure that if they have taken the trouble to read the reports of the Senate Banking and Commerce Committee, and the debates of this house on the bill, they will realize that they had not had the opportunity to know as much about the matter as had the members of the Senate who attended the Committee on Banking and Commerce.

Honourable senators, I would like to say that I do think this is a good bill. I think it is an improvement on the Dominion Succession Duty Act which is now in force, but, like the honourable senator from Toronto (Hon. Mr. Hayden), I feel it could well be a better bill. The principle of the bill which provides for the tax to be levied on the mass of the estate and not, as under the present act, on the successor, certainly, as the minister said on committee, simplifies the administration greatly. It is much easier and quicker to calculate the tax by the amount of the estate rather than by the relationship of the individual successor to the deceased. Now, although no tax bill is really simple—at least, I cannot imagine a simple one—I think the minister and his associates should certainly be complimented for this move toward simplification. I also think they deserve the highest commendation for providing in the bill for a true exemption of $40,000. For years organizations and various groups have asked that there be a true exemption under the act, and no doubt this provision is a result of those representations over the years. However, most of those who have been pressing for a true exemption feel that the amount set out in the bill is too low. The Canadian Federation of University Women has been referred to by my honourable leader (Hon. Mr. Macdonald)—and I must say he has stolen my thunder to a certain extent.

Hon. Mr. Macdonald: I am very sorry.

Hon. Mrs. Fergusson: It is quite all right. I am only going to support what you said.

Hon. Mr. Macdonald: You can do it much better than I could.

Hon. Mrs. Fergusson: I am glad to know the federation had the support of my honourable leader.

The Canadian Federation of University Women have suggested a true exemption of $50,000, and other groups have suggested an even higher exemption. It would seem to me that with the decrease in the value of the dollar, $50,000 is a reasonable exemption, and one that I would go along with myself. But even with the simplification I have mentioned, had I not had a little legal training and experience I think I would have had great difficulty in understanding the provisions of the bill.

But, honourable senators, it is not as a lawyer that I wish to speak to you today. I speak to you as a woman on behalf of other women. I feel that under the provisions of this bill adequate consideration has not been given to the work contributed to building up the family fortunes by Canadian wives, whether they work in a city or town home, looking after its management and the health of their husbands and children; or whether they live on a farm, and besides having the management of the home, help in the fields and tend the stock; or whether, besides the usual home responsibilities, they contribute money they earn through employment outside the home and thus swell the family coffers to meet the current family expenses—money which enables their husbands to use their own earnings to purchase a home, or to accumulate savings in one form or another. In recognition of this actual partnership, I believe the Government should provide that in cases where one spouse dies, half of the accumulated estate shall, if it passes to the other spouse, be considered for tax purposes as having been earned by the surviving spouse and be free of succession duty or estate tax.

Hon. Mr. Howard: Hear, hear. There is no question about that.

Hon. Mrs. Fergusson: As I said before, I understand very well that the principle underlying this bill is the taxing of the estate as a whole and not the taxing of the successors, but in cases such as this, women believe they should not have to pay estate tax on what they themselves have helped to accumulate.

Now, honourable senators, I don't care what principle is being introduced in this bill, the women of Canada will never be satisfied with it unless and until special allowance is made whereby these contributions in cash or in kind by Canadian wives, without whose help most Canadian men will agree they would never have accumulated a taxable estate, are recognized and exempted from taxation on the death of their husbands. Canadian wives are in fact partners, are recognized as such by their husbands and should be recognized as such in estate tax legislation.

When I read the minutes of the Banking and Commerce Committee of the other place, particularly the statements of the minister on pages 16 and 17 of the report, I came to the conclusion that the share of the surviving spouse in joint property was exempt from

taxation under the proposed act. I assure honourable senators my disappointment was very great when I later read in the minutes of the Banking and Commerce Committee of the Senate that this is not the case, and that the share of joint property held by the surviving spouse, even though it would be free of taxation under section 31(f) of the bill, would be taxed under section 31(c), and that a gift made prior to three years presumably would be subject to gift tax. I had felt, after reading the report of the committee of the other place, that this would be of some benefit to widows. Now I am confused about it. But in any case, any advantage that might accrue is given to any joint owner, not particularly to a wife. There is no consideration given to the wife for her contributions to the joint estate in cash or kind. It may be that if it is going to be of benefit to any joint owner that, as I think was said in the committee, 75 per cent of those who benefit would be wives, but the bill does not single out wives for this consideration, and does not give them any benefit there may be.

Now, it is true that the bill before us provides for a reduction of $60,000 in case of a deceased male person who leaves a wife. No doubt the framers of the bill felt they were being very generous by providing this consideration for the wife; but as has been said here earlier, under the bill the deduction applies whether or not the property goes to the wife; it does not actually acknowledge her rights, and does not recognize in any way the creation of a partnership between the two persons. In any case, as I said in committee, Canadian women who are looking for equality and not for generous treatment would be much happier to see in the Estate Tax Bill a deduction which would allow the same amount on the same conditions to a surviving spouse, whether that spouse be male or female.

Now, the provisions of the bill, it is true, may have an overall beneficial *de facto* effect, but the bill carefully avoids making any special provisions for the wife. We must admit that she was jointly responsible in building up the estate, and she certainly under such a bill should be given preferential treatment over strangers. This has not been done.

Representatives of the Trust Companies Association of Canada, which has 33 member companies in the 10 provinces of Canada and represents practically all Canadian corporations authorized by statute to administer trusts, appeared before the committee of this house—as I mentioned before, there was no opportunity for them to appear before the committee of the other house—and among other representations, they expressed their disappointment that in preparing this bill the Government did not take advantage of the opportunity to give recognition to the marital deduction. The trust company representatives also pointed out that the deduction provided in the bill for a wife is generous, but it gives no recognition of the fact that the creation of the estate is as a result of a partnership between husband and wife. They further point out that the United States Federal Estate Tax Act, which is based on the same principle as this bill, that of taxing the mass of the estate and not the successors—provides that half of the estate may pass to the surviving spouse tax free.

Hon. Mr. Macdonald: Without limit

Hon. Mrs. Fergusson: Without limit.

Hon. Mr. Macdonald: Senator Bouffard suggested a limit of $200,000. You say the United States is without limit?

Hon. Mrs. Fergusson: Without limit.

Hon. Mr. Hayden: It is without limit, but he must leave it to his wife.

Hon. Mrs. Fergusson: Yes, but of what value would it be to her to have such deduction if the estate were not left to her?

Hon. Mr. Hayden: That is what we could not understand in this bill.

Hon. Mrs. Fergusson: A representative of the Trust Companies Association further pointed out that this concession was made in the United States to equalize the advantages that women enjoy in those states where there is community of property. I believe there are 18 such states. Canada has a direct parallel to that situation in that we have one province which has a régime of community of property, and in that province a wife owns half the family property at the death of her husband.

If, as the trust companies state, the marital deduction in the United States was granted as a concession to equalize the advantages that women enjoy in that country, why should not a deduction be allowed in Canadian legislation to equalize throughout Canada the advantages that accrue to women married under the régime of community of property.

Representatives of several women's organizations appeared before the committee of this house in support of their brief. I might say that a copy of that brief was sent to all senators on July 29, and thinking that each senator would bring his copy to the meeting, copies of the brief were not made available in the committee.

Hon. Mr. Aseltine: The women ought to know better than that.

Hon. Mrs. Fergusson: They don't know the senators as well as I do.

In that brief they set out among other things their disappointment that, despite repeated submissions by thousands of Canadians, no recognition has been given by the Government in this bill to the marriage partnership. And, as the Leader of the Opposition (Hon. Mr. Macdonald) has said, in their brief they set out their belief that one-half of a deceased marriage partner's estate should, if it passes to the surviving partner, be considered for tax purposes as earned by the surviving partner and not subject to estate tax. May I tell honourable senators that these women represented the Canadian Committee on the Status of Women, the Canadian Federation of University Women, and the National Council of Women which is often referred to as the Parliament of Women in Canada. You may not be aware of it, but the membership in the National Council of Women extends from coast to coast and numbers over 623,000. It is also affiliated with the International Council of Women which has affiliated federations throughout the world.

One of the points made by this group is that when it is of advantage to the Government wives are considered as partners and independent. This is illustrated by referring to the War Veterans Allowance Act under which, when a veteran applies for aid, he must state his wife's income as well as his own. The operation of that act denies an allowance to a veteran whose wife can support him. Also, under the Veterans Land Act one of the prime requisites demanded of a would-be settler is that he have a wife who is ready to work with him to develop the property. Under the Small Loans Act a wife must sign an application for a loan as well as her husband, and under the National Housing Act a wife must sign a covenant to pay and make herself responsible for payment. Yet, honourable senators, if her husband dies the Government regards the whole estate as his and she has to pay tax on it.

Now honourable senators, I point out too that in the province of Alberta if a husband is old, blind, lame or mentally deficient his wife is required to provide maintenance, food, clothing, medical care and lodging, just as he is required to do for her under similar circumstances. So, obviously in that province the husband and wife are regarded as partners with equal responsibilities toward each other.

The common law has recognized the change in the status of women, and that is pointed out by Sir Alfred Denning in his book *The Changing Law*. Lord Justice Denning gives many illustrations of how the law is changing, the most striking of which is his account of the way in which the common law has changed to recognize the change in the status of women, and particularly the status of wives.

Now, as all honourable senators who are lawyers, and many others here, are aware, the common law used to be that a husband could beat his wife to correct her, that he could give her orders which she must obey, that if she refused to live where he chose, this constituted desertion and a ground for divorce, and that although a husband could claim damages from another for taking his wife away, a wife could not sue another woman for luring away her husband. Honourable senators, all these rules have been reversed by the courts without acts of Parliament. They are the common law. Lord Justice Denning believes that the courts no longer regard the wife as handling housekeeping money merely on behalf of her husband, but that the trend of recent cases is towards the "modern idea that husband and wife are partners in all affairs which are their common concern." A number of Canadian courts have also recognized this principle, and I would be glad to give the citations to any honourable senators who are interested.

With respect to the question of the financial value of the work done by a housewife, I would like to tell you of a survey done in England and reported in the Toronto *Globe and Mail* of July 10 last. The article tells about efforts on the part of statisticians to find out the actual money value of the services which a wife gives in the home. To do that, they removed the wife from the home, and hired in her place other persons to do the work she had been doing. They hired a charwoman, a baby-sitter, a cook—as the hour is getting late, I shall not enumerate them all—and various other persons who were required to do the work the wife had been doing. The amount paid to these other persons for their services totalled $5,165.10 a year. And I should add, that even with this high cost of services, the children were not as happy and life was not as smooth as under the wife's care. This calculation does not take account of the fact that if the wife had been in the home she would have done interior decorating, mending and knitting which, if the husband had to pay for it all, would have cost him an additional $270. So, I submit, honourable senators, the worth of the wife in the home is very substantial.

American women from early pioneer days have had to be helpmates and equals with their men. They had to share the hardships of frontier life, but they were allowed to share the rewards as well. When life became easier, not only the tradition of equality and partnership remained, but, what is less often mentioned, there also remained the

concept of marriage as a job. That is the attitude of American men and women today, that housekeeping and homemaking is a job, a business at which the wife works hard, and her work should be recognized as such.

This no doubt is one of the reasons, together with the fact that a number of States, although not all, have community of property, that the United States Federal Estate Tax Act, which is based on the same principle as the one before us of taxing the estate and not the succession, allows for a marital deduction by which half of the estate passes to the surviving spouse free of tax.

Honourable senators, I submit that Canadian wives have ever since pioneer days proven themselves to be equally as good helpmates as American wives. As we too have at least one province where there is community of property, why should not Canadian wives have equal recognition under the Canadian Estate Tax Act as American wives have under the United States Federal Estate Tax Act, which is based on the same principle?

If the bill could be explained to every housewife—simple as it is, I do not think I would want to undertake it—I am sure every one of them would feel that there should be a relaxation of the principle of the Estate Tax Bill to provide for the recognition of the partnership between husband and wife, as is done in the United States.

This point was argued before the Senate Standing Committee on Banking and Commerce by the representatives of women's organizations, without avail, but that is not to say the argument was invalid. Public opinion in the long run—and indeed the run may not be too long—will demand that there be some relaxation in the application of the principle of the bill, and adequate recognition of the special contribution made by a wife to the value of her deceased husband's estate.

Honourable senators, Canada has given leadership in recognizing the status of women. We have an Equal Pay Act; we have signed the United Nations Convention on the Political Rights of Women; we have a woman cabinet minister. This year for the first time Canada is a member of the Commission on the Status of Women of the United Nations. Although this is the first year we have been a member, and we are under a new Government, I think it only fair to say that all arrangements for Canada becoming a member were made under the régime of the Honourable Lester B. Pearson. I speak from personal knowledge in this respect, having had a great many conversations with him and his department on this subject. I was, therefore, very pleased when the decision was made by the previous Government that Canada was interested in becoming a member of that commission, and when Canada was chosen as one of the members. For these reasons, Canada is looked to for leadership in the field of women's rights by the less-advanced or more-backward countries.

I should like to quote a few lines from the report of the Secretary-General of the United Nations on the latest meeting of the Commission on the Status of Women. The commission had discussed the program of work which should be undertaken by the Economic and Social Council. I read from the report:

> In the program of work recommended by the commission for adoption by the council, the *ad hoc* projects of high priority were divided into two groups: those required for the thirteenth session of the commission, and those postponed until the fourteenth session.
>
> The first group includes two projects decided upon at the eleventh session in 1957: tax legislation applicable to women—

and one other prospect. That question is apparently of great interest to the commission. Now, because Canada is a member of that commission, her own internal laws dealing with the subject have more significance than they otherwise would have had.

If, honourable senators, when passing a new tax law we refuse to recognize the change that is taking place, that women now actually are partners and not dependents, we are failing to give the leadership that might be expected of us as a member of the Status of Women Commission of the United Nations.

Hon. Mr. Golding: Would the honourable senator permit a question?

Hon. Mrs. Fergusson: Certainly.

Hon. Mr. Golding: I was wondering whether the women's organizations had made any estimate or had any statistics on the percentage of women who might be affected by the passage of this bill?

Hon. Mrs. Fergusson: No, I do not have such information.

Hon. Mr. Aseltine: Not one in a hundred, in our country.

Hon. Mrs. Fergusson: I can't believe that. May I ask if the honourable Leader has made an estimate or has any statistics?

Hon. Mr. Aseltine: That is my estimate, and I can tell by the number of estates that go through my office. Only one in a great number pay any succession duty at all.

Motion agreed to and bill as amended read third time and passed.

On motion of Hon. Mr. Aseltine, the Senate adjourned during pleasure to resume at the call of the bell at 8 o'clock.

At 8 p.m. the sitting was resumed.

GOVERNMENT DEPARTMENTS AND CROWN COMPANIES

INQUIRY AND ANSWER

Hon. Mr. Pouliot inquired of the Government, pursuant to notice:

For a copy of the charts of each one of the Departments of the Canadian Government and of the Crown companies, owned and controlled by the Canadian Government, indicating the various positions, the number of employees, and their classifications.

Hon. Mr. Aseltine: I have the following answer to this inquiry:

The recent publication by the Queen's Printer, in both languages, called *Organization of the Government of Canada* dated June, 1958, provides the charts requested in the first part of this inquiry. Details of services in the estimates for the fiscal year ending March 31, 1959 contain the number of employees in each of the Government departments. However, in the interest of the Crown corporations or the personnel, it has not been the practice to make available the salary arrangements or remunerations paid to the Crown company employees.

I notice that a second inquiry by the honourable senator is on the Order Paper. I understood that he had given notice of it for the next session. However, I may be able to have an answer for him before Parliament is prorogued.

Hon. Mr. Macdonald: When will that be?

Hon. Mr. Aseltine: I am not making any more predictions.

STANDING COMMITTEES

AMENDMENT OF RULES

Hon. Mr. Aseltine moved, pursuant to notice:

That the Rules of the Senate be amended as follows:

Delete Rules 78 and 79 and substitute therefor the following:—

78. The Standing Committees shall be as follows:

1. The Joint Committee on the Library of Parliament, whereto there shall be appointed seventeen senators.

2. The Joint Committee on the Printing of Parliament whereto there shall be appointed twenty-one senators.

3. The Joint Committee on the Restaurant of Parliament whereto there shall be appointed the Speaker and six other senators.

4. The Committee on Standing Orders, composed of fifteen senators, three of whom shall constitute a quorum.

5. The Committee on Banking and Commerce, composed of fifty senators, nine of whom shall constitute a quorum.

6. The Committee on Transport and Communications, composed of fifty senators, nine of whom shall constitute a quorum.

7. The Committee on Miscellaneous Private Bills, composed of thirty-five senators, seven of whom shall constitute a quorum.

8. The Committee on Internal Economy and Contingent Accounts, composed of twenty-five senators, seven of whom shall constitute a quorum.

9. The Committee on Debates and Reporting, composed of nine senators, three of whom shall constitute a quorum.

10. The Committee on Divorce, composed of twenty-five senators, three of whom shall constitute a quorum.

11. The Committee on Natural Resources, composed of forty senators, nine of whom shall constitute a quorum.

12. The Committee on Immigration and Labour, composed of thirty-five senators, seven of whom shall constitute a quorum.

13. The Committee on Canadian Trade Relations, composed of thirty-five senators, seven of whom shall constitute a quorum.

14. The Committee on Civil Service Administration, composed of twenty-five senators, seven of whom shall constitute a quorum.

15. The Committee on Public Health and Welfare, composed of thirty-five senators, seven of whom shall constitute a quorum.

16. The Committee on Public Buildings and Grounds, composed of fifteen senators, five of whom shall constitute a quorum.

17. The Committee on Finance, composed of fifty senators, nine of whom shall constitute a quorum.

18. The Committee on Tourist Traffic, composed of twenty-five senators, seven of whom shall constitute a quorum.

19. The Committee on External Relations, composed of thirty-five senators, seven of whom shall constitute a quorum.

"79. (1) Every Standing Committee meets, if practical, on the next sitting day after appointment and chooses a chairman.

(2) Every Special Committee meets, if practical, on the next sitting day after appointment and chooses a chairman; and the majority of senators appointed on such Special Committee shall constitute a quorum, unless it be otherwise ordered."

He said: Honourable senators will remember that when I gave notice of this motion a few days ago I briefly explained what I had in mind and stated that I had discussed the matter with the honourable Leader of the Opposition (Hon. Mr. Macdonald). The object of the amendment is to clear up a matter which has bothered most of us for some time as honourable senators know, upon the opening of a new session of Parliament a Selection Committee of the Senate is set up to bring in a list of names of senators to serve on the Standing Committees. When that report is adopted a meeting is held for the purpose of nominating and selecting chairmen of the various committees. These committees then meet and usually they bring in reports recommending that their quorums should be reduced to so many members. That is to say, each of some 17 or 18 committee chairmen brings in such a report. As the rule stands a majority of each Standing Committee constitutes a quorum. In order to simplify matters it is proposed to repeal Rule No. 78, and a new Rule is presented as a substitute. The new Rule 78 merely sets out the titles of the

Joint Committees and Standing Committees of the Senate, and states in each case the number of members that shall constitute a quorum. For example, the Committee on Immigration and Labour is to be composed of 35 members, 7 of whom shall constitute a quorum; the Committee on Banking and Commerce is to consist of 50 senators, 9 of whom shall be a quorum; and so on.

The motion also provides for the deletion of the present Rule 79 and the substitution of a new Rule. The new Rule 79 merely states in subsection (1) that every Standing Committee shall meet, if practical, on its next sitting day after appointment and choose a chairman; and, in subsection 2, that every Special Committee shall meet, if practical, on the next sitting day after appointment and choose a chairman; and the majority of senators appointed on such Special Committee shall constitute a quorum, unless otherwise ordered. Of course, when a Special Committee is set up, it decides what its quorum shall be.

I think that if this motion is adopted it will constitute an improvement on the way in which these matters have been handled hitherto.

Hon. Mr. Macdonald: I have nothing to add to what the honourable Leader of the Government (Hon. Mr. Aseltine) has said, except that I think the suggestion is a good one and that the Rules should be amended in accordance with the motion.

Motion agreed to.

NATIONAL CAPITAL BILL

ORDER FOR THIRD READING STANDS

On the order for the third reading of Bill C-48, respecting the development and improvement of the National Capital Region:

Hon. Mr. Aseltine: Honourable senators, I ask that this order shall stand. Perhaps I should explain that the reason I am not moving third reading this evening is that near the end of this bill there is reference to the Estate Tax Bill, to which we gave third reading this afternoon, and it is felt that, until that bill becomes law, third reading should not be given to the National Capital Bill.

The Hon. the Acting Speaker: Order stands.

BROADCASTING BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Méthot for the second reading of Bill C-55, respecting broadcasting.

Hon. W. Ross Macdonald: Honourable senators, my first remarks in speaking on this bill will be by way of complimentary reference to Mr. Dunton, who was chairman of the Board of Governors of the Canadian Broadcasting Corporation for many years. In fact, to a large extent he was responsible for building up the corporation to the high standard which it attained. I think honourable senators will agree that Mr. Dunton was an able head of the C.B.C. and it will be most difficult to get as able a replacement.

The Fowler Royal Commission, concluding its report, said:

> We have a good broadcasting system. The joining together in one system of public and private ownership suits Canada and serves Canadians well. It has had its confusions . . . but in essence the concept is a good one—and it would be wise to keep it very much as it is but improved, strengthened and tidied up where possible.

I repeat that the high standard of broadcasting in Canada, which is mentioned in this extract, is to a large extent due to the efforts of Mr. Dunton.

Honourable senators, this bill is probably one of the most important and, at the same time, one of the most complicated to come before Parliament this year. We have dealt with other important bills, of course, most of them having to do with finance and material things, but this legislation affects the lives of all Canadians from their earliest years up to their dying days. It affects the moral, educational, cultural, and religious aspects of our lives. It affects our everyday life and, what is more important, our home life.

It is regrettable that this legislation was not brought down earlier in the session instead of being introduced now with the hope, I suppose, that it will be rushed through the house in the final days of this long and exhausting session.

As I stated a moment ago, we have had other important legislation before us, and there is important legislation to come. This morning I reviewed the bills which we have passed, and I found that 37 pieces of legislation took priority over this one. In other words, the Government felt there were 37 other bills more important to the country than this one on broadcasting. This is a most important bill and it is certainly worthy of being placed higher than number 38 on the legislative program of Parliament.

This legislation was forecast in the Speech from the Throne, a copy of which I have before me. It contains this paragraph:

> 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.

Well, we have a bill which proposes to enact a new Broadcasting Act, but there is as yet no notice on the Order Paper with respect to a bill to amend the Radio Act. Also in the Throne Speech, which His Excellency read on May 12, is this statement:

You will be asked to set up a Select Committee on Broadcasting—

Well, it is now August 28, and I don't think we will be here any longer than two more weeks; therefore, we can take it for granted that, notwithstanding the Speech from the Throne, no Select Committee on Broadcasting will be set up in the other house this session. As a matter of fact, in the other house the Broadcasting Bill was dealt with in Committee of the Whole. Under all these circumstances, I feel we should not let this bill pass through the Senate without referring it to one of our standing committees.

Honourable senators would, I am sure, be interested in a short article on the history of broadcasting which was written by Frank Swanson and recently published in the Ottawa *Citizen*. I was interested to learn from it that the first piece of radio legislation was enacted in 1905, although sound broadcasting, as it is known today, was not introduced for another 14 years. The Wireless Telegraph Act of 1905 provided that no person could establish any wireless telegraph station or any apparatus for wireless telegraphy without a licence granted by the Minister of Marine and Fisheries. So this type of legislation dates back to 1905.

The first bill relating to broadcasting was entitled the Canadian Radio Broadcasting Commission Bill. It was passed in 1932 by the Bennett administration, based upon the report of the Aird Commission, which had been appointed in 1928. The commission reported in 1929 and its findings were under study until 1932, but the bill, after receiving second reading, was referred to a Commons committee which studied it for more than six weeks. Just compare what took place in connection with that legislation with what is taking place now. In 1936 new broadcasting legislation was brought in under the régime of the late W. L. Mackenzie King. On that occasion the bill, after receiving second reading, was studied for two months by a committee of the other house, and it resulted in the establishment of the Canadian Broadcasting Corporation. The point is that in both those instances the legislation was brought into effect only after exhaustive examination. There has been considerable criticism throughout the country of the speed with which this bill is being rushed through Parliament.

Let me refer to an editorial which appeared in the Ottawa *Citizen* of August 27, entitled, "The Broadcasting Debate":

It is unfortunate that the House of Commons became divided on the new broadcasting legislation, but under the circumstances this was almost inevitable. This is far too important a matter to ram down Parliament's throat in the dying days of the session, and indeed if there was ever a case of disregard of the rights of Parliament, this is it.

The editorial goes on to relate what took place in connection with former bills:

Today, despite the protestations of Mr. George Nowlan on behalf of the Government, there are serious misgivings as to some features of the new bill, and these have been expressed outside Parliament as well as by the Liberal and CCF members of the Commons. The Canadian Federation of Agriculture and the Canadian Labor Congress both have reservations as to whether Canadian broadcasting will be sustained (in the words of the CFA) "as a single system, under an independent authority, of which both public and private stations are part."

Since that editorial was written, another organization, the Canadian Broadcasting League, has also expressed grave doubts in connection with this matter.

The editorial from which I have been reading ends with the following words:

The government has declined to consider several amendments to its bill, even changes that would spell out with greater clarity the objects of the proposed board of broadcast governors in maintaining the single national system.

And honourable senators will note the concluding sentence:

It remains to be seen whether the Senate will attempt to introduce changes and whether, if that happens, the government will treat its suggestions in the same cavalier manner as those coming from the opposition benches in the Commons.

In tonight's *Citizen* there is an editorial entitled, "An Affront To Parliament". I will not read the entire editorial, but just a portion at the end:

Yet this dumping of broadcasting policy into the arena of party politics might have been avoided had the government introduced its legislation at an earlier stage of the session, when there would have been opportunity enough for thorough study and discussion by a select committee, which indeed the government itself once said ought to be set up for the purpose.

Honourable senators, I do not need to delay you longer. I am sure all will agree it is indeed unfortunate that this very important bill comes to us at this late date. I think it is fair to say that in general the bill follows the recommendation of the Fowler Commission, although of course there are many changes. I am very pleased to admit there are some good features to the bill which should result in giving more enjoyment to both radio and television listeners

and viewers. On the other hand, I fear there is great danger that our national system will be relegated to a position where it will become just another commercial organization competing for the advertiser's dollar.

One of the favourable features I recognize in the bill is that it divides the broadcasting system into an operating branch and a regulating branch. I think it was inevitable that when these two branches were under the C.B.C. there would be some dissatisfaction among the private stations when they had to bow to regulations made by the C.B.C., although I think in very few instances was there any ground for complaint in that regard. However, the feeling was there, and we can call it psychological, or whatever it might be. I am pleased that the Government has followed the recommendation of the Fowler Commission and proposed the setting up of the two branches. With the Canadian Broadcasting Corporation acting in a dual capacity, both in making regulations and passing judgment on broadcasting, it was inevitable that some disagreement would be caused. The bill separates the two functions, that is, the operating features and the regulatory features. The latter is under a Board of Broadcast Governors, composed of fifteen members, three of whom are to be full time and twelve part time. The full-time members are to be appointed to hold office during good behaviour for a period of seven years; and the part-time members, during good behaviour for a period of five years. One full-time member, the chairman, is the chief executive, and the other full-time member is the vice-chairman. There are three full-time members, but just what the third full-time member does I do not know, and I cannot see that it is set forth in the bill.

The Canadian Broadcasting Corporation consists of a President, a Vice-President and nine other directors, being eleven in all. The President and Vice-President are appointed to hold office during pleasure for a period of seven years, and the directors are appointed to hold office during good behaviour for a period of three years. Under the provisions of this bill, therefore, 25 appointments will be made by the Government.

Honourable senators, I want to pay tribute to the private stations, both radio and television. I think they have given splendid service in their communities, and I know, over the years, what a small radio station has meant to a community, and also what these so-called small television stations mean to the communities which they serve. I would not wish to suggest that they should not continue to operate. What disturbs me is that this bill proposes the setting up of competing networks throughout Canada. I glanced through the Fowler Report last night and I could not find any suggestion in it for the setting up of networks among private stations—that does not mean only network radio stations, but also network television stations. In the United States, where there are 170 million people, they are able to support three main television networks, namely, the Columbia Broadcasting System, the American Broadcasting Company, and the National Broadcasting Corporation.

Hon. Mr. Brunt: And the Mutual Broadcasting System.

Hon. Mr. Macdonald: But, honourable senators, there are 170 million people in the United States. I cannot see how Canada, with a population of 17 million scattered from the Atlantic on the east to the Pacific on the west, with a large part of the territory sparsely populated, can support competing networks, especially television networks. I am just afraid that if this is done the Canadian Broadcasting Corporation network will have to compete with these other networks for the advertiser's dollar, and if it is to balance its budget it will have to cut down its programs, bring them down to a pretty low level compared with what they are today. If that is not done the cost of operating the C.B.C. network will greatly increase; and if it puts on programs which are so much better than the canned programs which are bound to come into this country the private networks will be at a disadvantage. I can see nothing but confusion ahead for broadcasting in Canada if we are going to have competing networks, especially in television.

Also, honourable senators, I am afraid that the independence and the efficiency of the C.B.C. is going to be undermined. This is very likely to happen, because two boards are going to be set up, and this bill does not give the C.B.C. clear control of its own networks. The C.B.C. may be prevented from expanding when it is required to do so.

Honourable senators will notice that section 3 of the bill provides that the full-time members of the Board of Broadcast Governors will be appointed to hold office during good behaviour for seven years, and the part-time members during good behaviour, for five years. Then if we look at section 22 of the bill we notice that the directors will hold office during pleasure for a period of seven years.

What does all this mean? I do not see how anyone could hold office if he did not behave properly.

Hon. Mr. Brunt: Is that not the same provision that is in the Judges Act, that they hold office during pleasure and good behaviour?

Hon. Mr. Macdonald: I do not know.

Hon. Mr. Brunt: I think it is.

Hon. Mr. Macdonald: Well then, during pleasure and good behaviour. What, then does the clause regarding the directors mean that the directors will merely hold office during pleasure? That is what concerns me. Does my friend question my remarks?

Hon. Mr. Brunt: No; I was just trying to find the section the honourable senator is referring to.

Hon. Mr. Macdonald: I am referring to subsection 2 of section 22.

The President and Vice-President shall be appointed to hold office during pleasure for a period of seven years.

What does that mean? It does not mean during good behaviour. It must mean something different from good behaviour. Does it mean if they displease the powers that be they can be dismissed?

Hon. Mr. Brunt: I think if the honourable senator will read on he will find that the directors hold office during good behaviour.

Hon. Mr. Macdonald: Well, the President and Vice-President must be directors. My friend is getting the Board of Broadcast Governors mixed up with the Board of the Canadian Broadcasting Corporation.

Hon. Mr. Brunt: I am reading from section 22.

Hon. Mr. Macdonald: You are getting confused between the Board of Broadcast Governors and the Board of the C.B.C. The officers and directors on the C.B.C. Board are not appointed to hold office during good behaviour, but during pleasure.

Hon. Mr. Méthot: May I be permitted to explain?

Hon. Mr. Macdonald: Not now. I think you may explain later.

In section 3, subsection 2, I read:

Each full-time member shall be appointed to hold office during good behaviour for a period of seven years and each part-time member shall be appointed to hold office during good behaviour for a period of five years,

Now, referring to the C.B.C., section 22(2) provides that the President and Vice-President shall be appointed to hold office during pleasure—

Hon. Mr. Brunt: Go on read what follows.

Hon. Mr. Macdonald: —for a period of seven years.

Hon. Mr. Brunt: And the others?

Hon. Mr. Macdonald: I am talking about the President and the Vice-President. However, I will read the whole thing.

The President and Vice-President shall be appointed to hold office during pleasure for a period of seven years, and the other directors—

Hon. Mr. Connolly (Ottawa West): The "others"?

Hon. Mr. Macdonald: The others shall be appointed to hold office during good behaviour—that is "the others".

Now, why are the President and the Vice-President appointed during pleasure and the directors appointed subject to good behaviour? Does it mean that if the President and Vice-President, who are executive members of this board, do not behave in a manner pleasing to the Government, they will go?

Hon. Mr. Connolly (Ottawa West): They can be dismissed.

Hon. Mr. Macdonald: They can be dismissed at any time, there is no doubt about that, and I am just afraid that there is considerable danger that political influence can be exerted. I do not say it will be exerted, and I don't think it will be exerted under the present minister, but he won't be there for ever. There is a danger in this bill that political influence will have a bad effect on the C.B.C.

Now honourable senators, the Canadian Broadcasting League is also concerned about this matter. In a press release made on August 25, it states in the last paragraph on the first page as follows:

The league is uneasy about the provision that the President and Vice-President of C.B.C. should hold office during pleasure.

This came to my desk just this morning. I have been uneasy about it ever since I read the bill.

Hon. Mr. Brunt: Does the honourable senator know what the league is and who are the members of it?

Hon. Mr. Macdonald: I understand the Canadian Broadcasting League consists of a body of representative citizens from various parts of Canada. It was established, I believe, during the time when the commission was making its inquiry. Its members are not particularly interested in either private broadcasting or in the C.B.C.—in other words, it is an independent body.

Hon. Mr. Haig: Who started the league?

Hon. Mr. Macdonald: That is all I know about it.

Hon. Mr. Lambert: If I may interject, the original voluntary promotional organization, prior to 1930, was known as the Radio League

of Canada. I assume that the present Canadian Broadcasting League is a later outgrowth of it. The original organization started as an educational and propaganda institution before the first commission was set up. At one time it was headed by Mr. Graham Spry, who is now Agent General for Saskatchewan in London. Another very active young man in the league was the late Allan Plaunt. These two men did a great deal to create public opinion favourable to the establishment of a broadcast system in Canada, before the act was originally brought down and before the first commission was set up.

Hon. Mr. Macdonald: I am indebted to the senior senator from Ottawa for that information. I had only the general knowledge that it was a reputable body.

Let me read the last sentence of the circular:

> This means the government could dismiss them both at will.

That is, the President and the Vice-President.

Hon. Mr. Haig: Read the first part of the circular; read the rest of it.

Hon. Mr. Macdonald: It is quite a long article and I don't think I need read it all.

Hon. Mr. Haig: It praises what the Government is doing.

Hon. Mr. Macdonald: In many respects it praises the Government, and in many respects I too praise the Government. But I am now pointing to the dangers, and they are real dangers.

Another danger is the provisions in the bill with respect to the reporting by the C.B.C. The bill requires that the C.B.C. report each year to the Minister of Finance, and each year it will get its money from that minister. Under the present act the C.B.C. reports through a minister to the Government; specifically, it reports directly to the minister, and the minister reports to Parliament. I take it that, under this bill, if the C.B.C. has not been operating in a manner that pleases the Minister of Finance and it goes to the Minister of Finance hat in hand for money, it won't receive a very good reception.

Honourable senators, I am sure you will agree with me that there is great danger of political influence creeping into this organization which, since the time of its establishment, has kept far away from such influence.

Hon. Mr. Lambert: Would the honourable Leader allow a question? Would he care to explain the difference between the proposed relationship of the C.B.C. to the Minister of Finance and the past relationship of the C.B.C. to the Minister of National Revenue who was responsible to Parliament?

Hon. Mr. Macdonald: I shall explain the difference to the best of my ability.

Hon. Mr. Lambert: What is the difference?

Hon. Mr. Macdonald: Previously the C.B.C. reported to the Government through the Minister of National Revenue, and that minister had to report to Parliament.

Hon. Mr. Haig: It is the same thing.

Hon. Mr. Macdonald: No, it is quite different. The Government would approve or disapprove of what was done, and the Minister of National Revenue would report to Parliament.

Hon. Mr. Haig: May I ask a question? Do you think the Minister of Finance is a person different from the other members of the cabinet?

Hon. Mr. Macdonald: I think he is in this respect, that he is given power—

Hon. Mr. Haig: You were over there long enough to know that isn't so.

Hon. Mr. Macdonald: I would say "Yes" to your question.

Hon. Mr. Haig: Of course you would.

Hon. Mr. Macdonald: The set-up is quite different, because he is only one minister; he is not reporting to the Government. The C.B.C. reports to the minister.

Hon. Mr. Haig: The same is true of all departments.

Hon. Mr. Macdonald: No, it is quite different. In this case the C.B.C. will each year go to the Minister of Finance, and it is he who will decide whether it gets the money it asks for or not; and it is the Minister of Finance who will bring the estimates to Parliament.

Hon. Mr. Haig: That is the Government.

Hon. Mr. Macdonald: No, that is the Minister of Finance. This really becomes a matter between the C.B.C. and the Minister of Finance. If the Minister of Finance is not pleased with what the C.B.C. has done, what happens? Well, that remains to be seen. I say this is entirely contrary to the recommendations of the Fowler Commission that the C.B.C. should be given funds for a period of five years and not have to go each year to Parliament.

Hon. Mr. Aseltine: Is a five-year plan not being worked out?

Hon. Mr. Macdonald: No.

Hon. Mr. Aseltine: It says so in the bill.

Hon. Mr. Macdonald: A five-year plan is being worked out, as an alternative suggestion, which is just the opposite to the recommendation of the Fowler Commission. The commission recommended that with respect to capital expenditures there should be a one-year plan, but this bill provides that there be a five-year plan for capital expenditures. In order to keep its hand on the C.B.C., and instead of providing the five-year period of financing, the Government says it will get one year at a time—which is contrary to the Fowler recommendation—and it has to go to the Minister of Finance every year to get more money, if required.

Hon. Mr. Aseltine: Has not the C.B.C. been doing that anyway, in addition to getting its appropriation?

Hon. Mr. Macdonald: No. Its reporting in the past has been entirely different than what it is proposed to be done under this bill. For some reason or other the Government does not want to give the C.B.C. the money necessary to carry on its operations for five years because, I suppose, it would be free from Parliament and the Government of the day. The Fowler Commission recommended the contrary, but the Government has chosen to pay no attention to that recommendation.

An excellent editorial appeared in the *Globe and Mail* of July 24, which was before the bill was introduced. I will read it, in part:

> The Fowler Commission recommended that C.B.C. be relieved of control over private broadcasting, and that all broadcasting be brought under an independent authority.

The honourable senior senator from Winnipeg (Hon. Mr. Haig) asked me if there was nothing good in the bill. I say that is a very good feature of it, and the editorial agrees. It continues:

> The commission recommended that private stations be allowed to compete with C.B.C. in its monopoly areas. This, too, should be done. And the commission recommended that C.B.C. be given a defined responsibility based on stern, but adequate and continuous long-range financing.

Well, honourable senators, the bill does not do that.

Hon. Mr. Brunt: Does the editorial refer to capital financing?

Hon. Mr. Macdonald: No, it refers to broadcasting.

My friend the senior senator from Winnipeg asked me to read the whole article to which I previously referred. I will read the closing sentence of it.

Hon. Mr. Haig: Be fair and read the whole article.

Hon. Mr. Macdonald: I could read the parts of the article he would like to have read, but I don't think I will.

Hon. Mr. Haig: As a matter of fact, I was going to object to your reading the editorial, because you are out of order in reading such things on the floor of the house.

Hon. Mr. Macdonald: This is not an editorial.

Hon. Mr. Haig: But the *Globe and Mail* article was.

Hon. Mr. Macdonald: Very well; I won't read the editorial. I have already quoted from it.

Hon. Mr. Haig: Yes, and I didn't stop you.

Hon. Mr. Macdonald: I do not think in my reading from the *Globe and Mail* editorial I was out of order, because it was written long before this bill was presented to Parliament.

Hon. Mr. Haig: You can't read it anyway.

Hon. Mr. Macdonald: It had no relationship to this bill, and of course I was in order in reading from it.

I am reading from the representation which was made. It states:

> The League is disappointed that the bill makes the C.B.C. dependent on annual grants from Parliament. The provision for a five-year capital draft program is an improvement. But it is not enough. The bill should provide a formula by which the C.B.C. would be assured of a predictable revenue for a definite period of years, thus providing a further guarantee of the C.B.C.'s independence from partisan influence.

That is the statement of the reputable men whose names were mentioned a few minutes ago by the honourable senior senator from Ottawa (Hon. Mr. Lambert). Many people throughout the country are very much concerned as to whether this Canadian Broadcasting Corporation, which has rendered such wonderful service to Canada over the past years, is now to be relegated to the position of a strictly commercial organization. I sincerely hope that will not be so. I trust the good intentions of the Government will be put into effect not only by this administration but by Governments yet to come. But in spite of the reassurances of the minister in the other house, the text of the bill leaves unanswered the question whether the Canadian Broadcasting Corporation is to have the authority and the freedom to maintain a good national service. As the Ottawa *Journal* has said—I will not quote it at length—if the present bill is passed without a full answer to that question, we senators will not be doing our work.

I feel very keenly about this bill. I do not know whether it is the intention of the honourable Leader of the Government (Hon. Mr. Aseltine) to propose that it should go to a committee, but I think that that course is essential. The bill provides for the setting

up of regulations, and the operation of the Canadian Broadcasting Corporation will depend very largely on the content of those regulations. It is true they will not be drawn up until after the new Canadian Broadcasting Corporation organization is set up, and they will be tabled in this house at the next session. But when the bill comes before us we should inquire carefully into these regulations and note what they contain. The success or failure of the C.B.C. under the provisions of this bill depend largely on how it is operated, and on the quality, the industry and the vision of those who are appointed on these boards.

Hon. W. M. Aseltine: Honourable senators, I would like to make a few remarks with regard to this measure. For 15 years or longer there has been a great deal of discussion from time to time, both within and without Parliament, with respect to radio broadcasting, and I believe honourable senators will agree that at times the controversy became quite heated. As a result, a royal commission was set up by Parliament in December, 1955 to investigate and report on broadcasting in Canada. The members of that commission were: R. M. Fowler, chairman, E. Turcotte and James Stewart, commissioners. This body became known as the Fowler Commission. It held meetings throughout Canada, heard delegations and obtained information from many sources, and worked for nearly one and a half years before bringing in its report, on March 15, 1957. I have that report on my desk, and I have read it with much interest. It contains much good information, and it is a very important report. No steps, however, were taken to implement any part of it until quite recently, when this Bill C-55 was brought down. No doubt the reason for the delay is that shortly after the commission reported there was an election, followed by another election some six or eight months afterwards.

I wish to refer, honourable senators, to an extract from the report which will be found at page 91, and which was referred to indirectly by the honourable Leader of the Opposition (Hon. Mr Macdonald):

> The other public agency in the Canadian broadcasting field should be a board created and authorized to act for Parliament, and responsible to Parliament, for the direction and supervision of the Canadian Broadcasting system. This board should have responsibility for all elements in Canadian broadcasting. It should not, we suggest, be a part of the Canadian Broadcasting Corporation and its members should not, as in the present statute, comprise the Corporation. . . . This board is not part of the C.B.C. and should not be referred to as 'the Board of Governors of C.B.C.'. We suggest that a new board, differently named, should be created by statute. The name we use in speaking of this agency is 'The Board of Broadcast Governors.' It could equally well have been 'The Board of Governors of Canadian Broadcasting' or 'The Governors of the Canadian Broadcasting System' or any other name that does not identify it with the Canadian Broadcasting Corporation.

Honourable senators, it was in view of that recommendation that the bill we have before us was brought down by the present Government. The object of the legislation is to implement that report as far as possible, because since 1955 some uncertainty has prevailed with reference to the C.B.C. It was thought that it would be unfair to the C.B.C. if this uncertainty continued, and that the situation should be clarified so that C.B.C. and private stations would know where they stand and what is ahead of them. That is the object of the bill.

As has been said by the honourable Leader of the Opposition, it was inadvisable for the C.B.C. to act in a dual capacity, enacting regulations, applying regulations and passing judgment. Consequently, I believe that this bill will be welcomed by everyone interested in broadcasting.

I have read the measure many times. I like its draftsmanship, and if honourable senators will refer to it they will see that the headings are clearly set out and there is simplicity of expression. I think it is a good bill and a step in the right direction; but as the honourable Leader of the Opposition has said, it may not be perfect in every respect. In my opinion, however, it is an honest effort by the Government to solve the problem which has been hanging over the broadcasting industry for the last 15 years. This bill, which has been based on the Fowler Commission Report, sets up a board to be called the Board of Broadcasting Governors. This is the precise name suggested by the Fowler Commission in the extract which I read from page 91 of the report. After providing for membership, tenure of office, age limit, oath of office, head office, meetings, quorums, remuneration, staff, superannuation, and things like that, it sets out in paragraph 10 the objects and purposes of the board, as follows:

> The board shall, for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system and the provision of a varied and comprehensive broadcasting service of a high standard that is basically Canadian in content and character, regulate the establishment and operation of networks of broadcasting stations, the activities of public and private broadcasting stations in Canada and the relationship between them and provide for the final determination of all matters and questions in relation thereto.

Part I of the bill then goes on to deal with regulations, licences, networks, non-Canadian interests, suspension of licences, prohibitions and penalties, and so forth. The next important section is section 19, which deals with reports to Parliament, which are to be

made within three months of the end of each fiscal year.

I find myself unable to agree with the honourable Leader of the Opposition when he says that this is a major change and entirely different from what we have under the act incorporating the Canadian Broadcasting Corporation. I cannot see any difference between reporting to the Minister of National Revenue and reporting to the Minister of Finance.

I am not going to say anything more now about Part I of the bill but I would like to say something about Part II.

Hon. Mr. Macdonald: May I interrupt to ask the honourable Leader one question? Is he suggesting that in future the Minister of Finance will be responsible to Parliament for the operation of this legislation? Is it not true that it will still come under the supervision of the Minister of National Revenue? In other words, the Minister of Finance will be responsible for money and the Minister of National Revenue will look after all the other features.

Hon. Mr. Aseltine: I don't think I indicated anything like that.

Hon. Mr. Macdonald: I believe that is the fact.

Hon. Mr. Aseltine: A few moments ago I said that Part I of the bill deals with regulations, licences, networks and so forth. I should have pointed out that the regulations which the board may make are covered by paragraphs (a) to (i) inclusive of section 11 of the bill. I don't think the honourable Leader opposite should have any qualms, forebodings or fears that regulations will be made which will have a detrimental effect on the Canadian Broadcasting Corporation.

Hon. Mr. Macdonald: I would still like to examine them very carefully.

Hon. Mr. Aseltine: Of course, we will all want to examine them carefully.

Hon. Mr. Lambert: May I ask the honourable Leader a question?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Lambert: The C.B.C. is a Crown corporation. Will the appointment of a Board of Broadcast Governors change the status of the C.B.C. in this respect? The honourable leader spoke of a number of functions belonging to the C.B.C. which would be handed over to the new board.

Hon. Mr. Aseltine: In my opinion the Canadian Broadcasting Corporation will still be a Crown corporation. The bill provides that:

> The corporation established by the Canadian Broadcasting Act and the corporation established by Part II of this act are hereby declared for all purposes to be one and the same corporation.

Hon. Mr. Lambert: Would it be fair to assume that the Board of Broadcast Governors would be the Board of Directors of this Crown corporation?

Hon. Mr. Aseltine: No, there is no function like that.

Hon. Mr. Connolly (Ottawa West): Did I understand the honourable Leader to say that the Board of Broadcast Governors and the Board of the C.B.C. will be one and the same?

Hon. Mr. Aseltine: No.

Hon. Mr. Connolly (Ottawa West): Would the honourable gentleman refer me to the section he just read? I did not hear him; that is why I asked the question.

Hon. Mr. Aseltine: It is section 38 in Part III of the bill.

Hon. Mr. Connolly (Ottawa West): Yes. Thank you.

Hon. Mr. Macdonald: According to section 38 it is one corporation.

Hon. Mr. Aseltine: One and the same corporation.

Hon. Mr. Macdonald: Yes.

Hon. Mr. Aseltine: What is wrong with that?

Hon. Mr. Macdonald: Well, I thought you said they were not.

Hon. Mr. Aseltine: Oh, no. Part II re-establishes the Canadian Broadcasting Corporation and re-enacts most of the provisions and sections of the Canadian Broadcasting Act. It makes clear provision for the carrying on of that corporation as a Crown corporation. That was gone into fully by the sponsor of the bill, and somewhat fully by the Leader of the Opposition a short time ago. I do not intend to deal with the provisions except to say that in my opinion the C.B.C. will be placed in a stronger position to carry out its work than ever before.

I would like to make a few remarks with regard to the more or less socialistic speech made by the honourable senator from Toronto-Spadina (Hon. Mr. Croll). I agree fully and heartily with what he said about the Canadian Broadcasting Corporation and the good work it has done in the past and is doing now. I also wish to pay tribute to the former chairman of the Canadian Broadcasting Corporation, Mr. Dunton, whom I have known personally for some time.

Returning to the speech of the honourable member from Toronto-Spadina, it seemed to me that he had a lot of fears about this, that and the other thing. He said he fears that the two boards may weaken the C.B.C. Well, I cannot see where there could be any such effect, or in what way the two boards could weaken the C.B.C., and he gave no reasons for fearing this, at least none that I

could follow. He said that competition might arise between the C.B.C. board and the board that is proposed to be set up under Part I, but he gave no reasons for thinking that might happen. He thinks the bill will give private stations a monopoly, but he does not say how that can come about. He is afraid that this proposed act may weaken the concept of public ownership. He expressed all these forebodings, without anything that I could find in his speech to back them up. I think he was splitting hairs when he said that the C.B.C. will have to go to the Government each year for the funds. It does that now, even though there is an appropriation of so much a year. It has not been able to operate within the limits of that amount, and it has had to come to Parliament every year to get a further appropriation, if I am correct.

Hon. Mr. Macdonald: It does not go to the Minister of Finance, though.

Hon. Mr. Aseltine: It is the same thing, in my opinion, but I may be wrong.

This bill does provide, in section 35, that a five-year program is to be worked out.

The honourable senator from Toronto-Spadina concluded his remarks by saying he found no comfort in the bill and he would oppose it.

Honourable senators, in my opinion, this bill is a good one. It follows the Fowler report to a great extent. I never knew any piece of legislation that was introduced or passed, after a commission had brought in a report, that carried out the full terms of the recommendations in the report. The authorities adopt what they think are the best features of the report and a bill is introduced accordingly. The Fowler report has been generally accepted in principle, and I believe that the bill will meet with the approval of the nation.

Perhaps I should read that part of the Canadian Broadcasting League's remarks which were referred to by the honourable Leader of the Opposition.

Hon. Mr. Macdonald: The honourable senior senator from Winnipeg (Hon. Mr. Haig) will say you are out of order.

Hon. Mr. Haig: I did not stop you last time.

Hon. Mr. Aseltine: Let me read from this document from the Canadian Broadcasting League:

> The Canadian Broadcasting League has carefully considered the new Broadcasting Bill. The League welcomes the Government's statements on the intention of the new legislation. It welcomes also the fact that the bill preserves the Canadian Broadcasting Corporation, and appears to provide for a single national broadcasting system, under the control of a large representative Board of Broadcast Governors.

I think that is a recommendation.

Hon. Mr. Lambert: Will my honourable friend tell us who are the heads of the Canadian Broadcasting League?

Hon. Mr. Aseltine: This document was sent to me in the mail. I think all senators received a copy.

Nothing has been done, in my opinion, to impair the C.B.C., and if I thought anything was being done in that direction I certainly would not vote for the bill. The bill tends to strengthen and develop the C.B.C.

I do not wish to say much with respect to the remarks of the honourable Leader of the Opposition (Hon. Mr. Macdonald), but I must point out that if we did not have a television station in the city of Saskatoon, and in the city of Regina, we would not have any television worth a cent, in the province of Saskatchewan. The C.B.C. works through these stations, and that is how we get the programs.

Hon. Mr. Brunt: Those are privately owned stations.

Hon. Mr. Aseltine: Those are privately owned stations; we cannot possibly get along without them, and I do not believe the C.B.C. could operate successfully without them, because it would not be able to give service to all the people of Saskatchewan.

Hon. Mr. Macdonald: I agree wholly with that statement.

Hon. Mr. Howard: I agree with that.

Hon. Mr. Aseltine: And as far as political influence is concerned I have, like the honourable Leader of the Opposition, every confidence in the present minister. After reading the bill three or four times I came to the conclusion that it was designed to do away with that kind of thing, rather than foster it.

Honourable senators, I commend this bill to your consideration. If and when it receives second reading, no doubt there would be no objection to having it dealt with by the Standing Committee on Transport and Communications.

Hon. Donald Cameron: Honourable senators, in making a few comments with respect to this bill, I would like first to join with the other senators who referred to the distinguished service of the former chairman of the Canadian Broadcasting Corporation, Davie Dunton. He has made a distinguished contribution to Canada during the past twelve and a half years, and always held the position with dignity, firmness and fairness. I think everyone will agree with that statement. I welcome him to the exclusive club of university administrators, of which I am a member, where his qualities of leadership can make an equally great contribution in the next fifteen or twenty years.

I am inclined to agree with the statement made by the Minister of National Revenue in the other house, that the uncertainty of the present interregnum should be ended, and this bill makes an attempt to bring it to an end. The delay has not been good for the morale of the organization nor for the future planning of national broadcasting in Canada.

Like some of the other senators who have spoken previously, I hope that rushing this bill through in the dying days of the session will not prohibit the setting up of a joint Parliamentary committee next session to study carefully the regulations which will be evolved as time goes on. This bill could turn out to be a very good bill or a very poor one, depending on the people who administer it. We have every right to expect that the Government will appoint capable people to the board, but there is also a duty on Parliament to examine the regulations next session.

With regard to the bill itself, I think it is good in this respect, that it implements some of the main recommendations of the Fowler Commission. But there are one or two matters about which I think we should be careful. Unquestionably from the administrative point of view, two boards functioning in such closely related fields are cumbersome and clumsy. Nevertheless this was the recommendation of the Fowler Commission, and I see no satisfactory way of avoiding the two boards. In theory, there should be no problem in two boards; in practice, it sometimes happens that frictions, jealousies, and personalities clash. This happens even in university circles where federal and provincial agencies are operating on the same campus, not always in a spirit of co-operation. However, it remains to be seen whether the bad potentials develop, rather than the good ones.

There is one factor which may play a part in determining the success of the relationship between the two boards. In the broadcasting field where financial incentive of the private broadcasters will play a part, the Government will be exceedingly fortunate if it does not find itself in a position where the two boards —the Broadcast Governors and the C.B.C.— are not working in harmony.

The legislation provides, in effect, for two networks, one public and one private. Now, I realize it does not need to provide two networks, but in looking over the experience of the past number of years, and the constant chipping away at the C.B.C., I think honourable senators will admit that there is a possibility that one of the first things that the private broadcasters will try to establish is a separate private network for both radio and television. I feel that the private stations will lose no time in evolving their own network system, and having done this they will increasingly assert and claim a right to profitable operation of that system, and will create a hue and cry to eliminate the C.B.C. from competition. The argument has already been used on many occasions that public enterprise should not compete with private enterprise, and I feel that this argument will be increasingly used under the new legislation. I feel that it cannot be too strongly emphasized that there are certain areas of public policy in which national interest dictates that the public enterprise must have a prior right, and I feel that public broadcasting and TV constitute one of those areas.

I think the people of Canada cannot abdicate the right to a publicly controlled national system of broadcasting and television. In saying this, I wish in no way to reflect on the role of the private broadcasters, many of whom have performed and are performing a fine community service and have been generous in giving support to every worthwhile community enterprise. However, one has only to make a comparison between the quality of programs put on by many of the smaller stations in the United States with those of the average station in Canada to see what can happen unless most rigid standards of broadcasting are maintained.

Now, coming to Part II of the bill, I wish to refer specifically to section 22, subsection 5, which reads:

> A person is not eligible to be appointed or to continue as a director of the Corporation if he is not a Canadian citizen, or if, directly or indirectly, as owner, shareholder, director, officer, partner or otherwise, he is engaged in the business of broadcasting or has any pecuniary or proprietary interest in a broadcasting station or in the manufacture or distribution of radio apparatus.

In view of the very close relationship existing between radio stations and newspapers in some instances, I think it must also be clearly indicated that representatives of newspapers who have interests in radio stations should also be barred.

Hon. Mr. Brunt: Barred?

Hon. Mr. Cameron: Yes.

Hon. Mr. Brunt: Was that one of the recommendations of the Fowler report, that newspapers be allowed to acquire radio stations?

Hon. Mr. Cameron: They have them now.

Hon. Mr. Brunt: That is right. At one time I understood it was the policy of the Government that no newspaper could operate a radio station. The Fowler report recommended a change that would permit newspapers to have an interest in or control a radio station.

Hon. Mr. Euler: Is my friend referring to the Board of Governors?

Hon. Mr. Brunt: I am sorry. I misunderstood.

Hon. Mr. Cameron: The newspapers had interests in radio stations long before the Fowler report. At one time it was suggested care should be taken that members of organizations should not become members of the board.

Hon. Mr. Power: Would my honourable friend not also be of opinion that no person disqualified under this section 22(5) as an owner or a shareholder etc., of a broadcasting business or a newspaper proprietor, should be a member of the Board of Broadcast Governors? It is far more important in that case than in the case of the C.B.C., because members of the Board of Broadcast Governors decide the persons to whom licences shall be issued and, so to speak, are referees as between the C.B.C. and private stations.

Hon. Mr. Cameron: I would agree wholeheartedly with that.

In saying this I do not wish to reflect on a number of very competent people who would thus be eliminated from nomination as members of these boards, but I think it is imperative that they not be allowed to sit on the board.

I feel it is important to Canada that the role of the C.B.C. in the national life should be strengthened rather than weakened. Again, I am not implying that this bill will unduly weaken the role of the C.B.C., but it could do so under wrong or misguided direction.

Years ago in Canada there were several university stations. I had the responsibility of directing one of them for 10 years, so I know something of the work they were doing. I believe that now there is only one part-time university station in operation, and I am not sure that even that one is functioning effectively today.

Hon. Mr. Brunt: What station has the honourable senator in mind?

Hon. Mr. Cameron: The one at Kingston.

Hon. Mr. Brunt: It is still operating.

Hon. Mr. Cameron: Yes, but all the others have disappeared.

The disappearance of the university radio stations from the scene has meant that the C.B.C. has taken over the educational and cultural role originally played by them. That is an important factor to keep in mind. As an example that I am personally familiar with, the University of Alberta Round Table was the forerunner of Citizens' Forum; the University Farm Broadcast Program eventually evolved into Farm Radio Forum. The University station was doing similar programs, but the C.B.C. could do them better with its larger resources.

Hon. Mr. Lambert: Did Mr. Aberhart broadcast over that station?

Hon. Mr. Cameron: No, he did not.

These are good and important programs, and there will be a need to continue them and to foster others in the future.

It is with the general picture of what is happening in Canada that I am primarily concerned. There never was a time in our history when Canada needed a national voice so badly, a voice constantly sounding the language, the feelings and aspirations of the Canadian people. In the last ten years we have witnessed in Canada the first burgeoning of a distinctive and vital Canadian culture. One has only to look to the exciting things that have been happening in recent years in the field of letters, in the first living Canadian theatre, as exemplified by the developments in Montreal in particular and to a lesser extent in Toronto and development of such institutions as the Stratford Festival, the Vancouver Festival and even our own in Alberta. In the encouragement of all of these activities in which Canadians are beginning to develop some maturity and a sense of nationhood the C.B.C. has played a great role of encouragement and help. The C.B.C. radio and TV have provided, for the first time in Canada, a market for Canadian writing, employment opportunities for Canadian actors and artists, and it is a national responsibility to see that this opportunity continues.

Some may argue that this bill need not weaken the C.B.C. or the cultural growth and development which it has encouraged in such important ways. This is true, as it is also true that certain private stations have, in their own way, encouraged Canadian talent, but the primary responsibility of the private stations to their shareholders is not to serve national interests in the educational or cultural fields; and if the situation comes about when it becomes a choice between the profitable operation of the station or the encouragement of the national interest as represented by these cultural programs, then the private interest as opposed to the national interest will prevail. It may be argued too that it is the Government's responsibility to look after the national interest, and this is true, but the same people who will not wish to provide the expensive and non-profitable cultural programs will be the first to raise a hue and cry about the high cost of these programs to the Canadian taxpayer and to put the national broadcasting corporation in a bad light. In this way they can influence public opinion and under the new set-up make it increasingly difficult for the C.B.C. to get the annual appropriations through Parliament, necessary to its effective functioning.

Recently organizations such as the Canadian Federation of Agriculture, the Canadian Labour Congress, the Canadian Broadcasting

League and others have voiced concern about the weakening of the position of public broadcasting. The passage of this legislation will involve a new and greater responsibility on all organizations concerned with the national welfare, to be vigilant in seeing that the act is made to work not to the disadvantage of public broadcasting but to its benefit.

I hope, honourable senators, that provision will be made for a most complete inquiry year by year into the functioning and working of this proposed act.

Hon. W. D. Euler: Honourable senators, I have not made a very close study of the bill. I rise now, first to ask a question and, secondly, to make a few observations and to express a hope for the future.

The question was asked by the Leader of the Opposition (Hon. Mr. Macdonald), but—I am not suggesting there is any sinister implication—it was not answered. I think we should have an explanation as to why subsection 2 of section 22 provides that the President and Vice-President of the Canadian Broadcasting Corporation shall be appointed to hold office during pleasure, but that the other directors shall hold office during good behaviour. Perhaps my friend would answer that question after I have made my observations.

I would call attention to section 14, which has to do with the issuing of licences to non-Canadian interests. It reads:

> The board shall not recommend the issue of a licence or grant permission to operate a network of broadcasting stations unless the applicant therefor is—

Then follow certain qualifications, to which I shall refer later.

I call attention particularly to the words "shall not grant permission to operate a network". Does that not include the granting of a licence to an individual station, as well as to a network? Perhaps my friend would be good enough to answer that question too.

The qualifications are:

> (a) a Canadian citizen, or
>
> (b) a corporation incorporated under the laws of Canada or any province, the chairman or other presiding officer and at least two-thirds of the directors of which are Canadian citizens and at least three-fourths of the shares of which (having full voting rights under all circumstances) belong to
>
> (i) Canadian citizens, or
>
> (ii) a corporation other than a corporation controlled directly or indirectly by citizens or subjects of a country other than Canada.

I have listened with some interest to the rather flattering remarks that have been made about the old C.B.C. Board of Governors. While I have no particular objection to those remarks, I may cite an instance which carries no such compliments to the board, and perhaps not even to its chairman.

I think it was understood, whether by regulation or by the act, that under the old C.B.C. board it was intended that no one person or corporation should operate more than one television station. That rule was violated. There were a number of cases where one person or one corporation did operate more than one television station.

Hon. Mr. Brunt: I recall such cases in the radio field, but not in television.

Hon. Mr. Euler: In television as well.

Hon. Mr. Brunt: Has the honourable senator an example?

Hon. Mr. Euler: I was present at a meeting in which that matter came up, and it never was contradicted. But what I am more concerned with, after reading section 14, is that it is the wish and desire that everyone allowed to operate a station in Canada should foster Canadian sentiments as opposed to, I think, the fostering of American sentiment. From that I would gather that where it was possible to give Canadians the right to operate a station as opposed to persons of another country, the preference ought to be given to Canadians. I have in mind an instance in which there were two applicants, one of which was a company, 50 per cent of whose shares were owned by a corporation controlled in the United States—I need not mention the name—and the other applicant was a group of Canadians who were financially able and otherwise qualified to carry on a truly Canadian television station. Arguments from both sides were heard by the board, and almost the next day we were informed that the licence was granted to the company, a half-interest in which was controlled by an American organization.

I come now to my expression of hope, that when the new body is appointed that sort of thing will no longer be permitted to take place.

Hon. Mr. Brunt: Has the honourable senator any solution to offer for dealing with the problem that now exists? Are we going to allow that American company to which he has referred to continue to operate the station, or, under section 14, are we going to compel it to dispose of the station?

Hon. Mr. Euler: It is not for me to say what should be done. I suppose you may say the company has a vested interest in the station; it was allowed to establish the station, and perhaps should not now be penalized. But my hope is that such will not happen again.

Hon. Mr. Brunt: I think you can rest assured that it will not.

Hon. L. M. Gouin: Honourable senators, I should like to make a few remarks to express my personal feelings about this bill, which on the whole I consider is a good one. The fundamental principle of having two separate

entities is, I would say, almost the cornerstone of the Fowler report; and personally—whether I am right or wrong is, in a sense, now a matter of indifference—I have always been in favour of having both a regulating board and also what I would call a grand Canadian broadcasting system. The two fields, in my opinion, are absolutely distinct, and I do not share the misgivings of our dear senator from Banff (Hon. Mr. Cameron) as to the possibility of a conflict between those two entities. By the way, the Board of Broadcast Governors is not declared to be a corporation, and personally I see no necessity that it should be. Precautions have been taken to ensure the impartiality of the governors. I believe the remark was—quite properly—made by the honourable senator from Gulf (Hon. Mr. Power) that it is even more important that these governors should not be pecuniarily interested, and in section 3, subsection (6) will be found the same text as that in section 22, subsection (5) relating to the Canadian Broadcasting Corporation. My only criticism, or question, which I do not expect to be answered tonight, but which I should like to ask in committee, is why—as provided in section 3—there are to be three full-time governors, namely, a Chairman, a Vice-Chairman, and a third one whom I would call incognito, and who is also a full-time member. It seems to me that it would have been more logical to give him a title, whatever it might be.

In the same section are provisions to the effect that all these members of the board hold their office, for the period stated, during good behaviour; but there is a further provision, by subsection (7) that a member may be removed at any time by the Governor General on address of the Senate and House of Commons. This, in my opinion, is quite logical.

I come to the question of the networks. To date the Canadian Broadcasting Corporation has had a monopoly of the national network, but in view of section 13 it can be said that we may now have a national network, or a regional or provincial network affiliated to the Canadian Broadcasting Corporation, or, under subsection (5), a network not affiliated to the Canadian Broadcasting Corporation. I am not now in a position to discuss the merits or demerits of that proposition. Personally I am not married to the idea of state-owned monopolies. I prefer, whether for railways, radio or television, what I would call our mixed Canadian system of having a state-owned corporation along with private enterprise. Let me add at once that the part to be played by the Canadian Broadcasting Corporation is quite different from that of a private broadcasting station or system, which will naturally be inclined to look after its commercial interest, although I hasten to add that these private stations have been quite generous to artists and also—I speak from experience of the stations in our province of Quebec—have made remarkable contributions in the cultural field and have provided time, as a public service, to various religious denominations.

I wish now to make one remark concerning what I would call the multiplicity or seeming multiplicity of ministers who will have something to do with the new measure. Among them is the Minister of Transport, who I understand already functions under the Radio Act in respect of applications for licences. I also note, in section 19, reference to one whom I would call a rather mysterious person, designated by the Governor in Council, to whom the Board of Broadcast Governors will report. Further, in Part 2, it seems that the report of the corporation is to be made to the Minister of Finance. At all events, reports will be made to Parliament. And here I would say, in parenthesis, that the idea expressed by the honourable senator from Banff (Hon. Mr. Cameron) concerning a select committee to study the regulations strikes me as excellent, and personally I would be grateful to the honourable Leader of the Government (Hon. Mr. Aseltine) if, in due course, he would communicate the wish of some of us that the suggestion for a select committee be acted upon.

With regard to Part 2, may I state frankly that I am puzzled by the words in section 22 "during pleasure" applied to the President and the Vice-President of the Canadian Broadcasting Corporation, whereas the other directors are appointed to hold office "during good behaviour".

These new methods of communication, radio and television, which influence public opinion, are called upon to play a more important part every day. Their role may be, of course, either good, bad or indifferent. It will be the duty of what I would call the regulating board to try to give the Canadian public as high a standard of radio and television programming as possible, not only with respect to C.B.C. stations but also with respect to privately-owned stations. Radio and television influences the minds of our Canadian citizens from the time of their early childhood. The results may be absolutely wonderful if we are inspired by Christian and patriotic ideals. Culture can be dispensed almost like entertainment through these modern mediums. Good use has already been made of them but I would say that the field open to them is almost limitless. We are all proud of our country and we believe it is essential that our broadcasting and television system be truly and authentically Canadian.

(*Translation*):

Hon. Cyrille Vaillancourt: Honourable senators, I want to add just a few words to what has already been said. It is not a matter of discussing each clause of the bill, but rather of establishing a principle, of expressing an idea. A few days ago someone came to my office to talk about television. This person was interested in television and his main argument was that private television stations should have priority over public stations, and that, in the final analysis, it was a matter of making money.

Then let us not be over-impressed or blinded by those who claim that it is a matter of culture, or that some high principle is involved, and that an effort is being made to raise the minds and attitude of our people.

I do not agree with that. The C.B.C. has done a magnificent job from the cultural point of view. The honourable senator from Banff (Hon. Mr. Cameron) mentioned this fact, as did the honourable senator who spoke before me (Hon. Mr. Gouin). I believe our radio and television systems are two bodies which must contribute not only to the entertainment—and much less to the cheapening of our people—but especially to their culture and education.

Comparisons, it is said, are always invidious. But in the neighbouring country, where radio and television are operated at a cost of millions and hundreds of millions, if you have the patience to sit through a whole evening of American television you are an extraordinarily patient man, because you will not get more than fifteen minutes or at most one hour of good television. I mention television because it has now taken the lead over radio.

I hope the new board which is being created will retain the spirit of the C.B.C., which must remain with us. If we were to lose the C.B.C. the level of our programs would go down and we would have cheap broadcasts, brutal fighting which can in no way elevate the mind of our youngsters. It may be said that it is a monopoly, but if it is a good one, let it be! We will need several years more because culture and education cannot be acquired overnight. It may take several years, but today television has come into all our homes, even where windows and doors are kept closed. And what our children see today makes a deep impression upon their minds. So that if we provide them with scenes of beauty and heroism, we will inspire them with noble feelings rather than degrading tendencies requiring no effort whatsoever. Beyond the iron curtain the people are making such cultural and educational efforts.

That is why, over there, twenty students out of every thousand who leave public school go on to university. What is the corresponding proportion here and in the United States? In those countries, it is not a matter of being faithful to an ideal, but simply a matter of pride because they claim that they will one day be in a position to dominate the world. It seems to me that we, Latins, should have a higher ideal. Tomorrow we should have as high a standard of living as any other country, but inspired with the spirit of charity which we want to instil into our children, a spirit of beauty, of nobility and of love. We must all live in a spirit of charity and love. I trust that, with the help of all, Canadian radio broadcasting may yet become the best in the world.

Last year some Americans who understood French had come to see me at my home, and they were looking at a French play given over the C.B.C. television. When the play ended, I turned to another network and my friend said, upon seeing the American program: "This is not the same thing; it is what we get at home." I was very glad to hear him say those words which meant: "Your television is much better than ours."

Let us strive towards that end, and may the directors of radio and television direct our thoughts towards nobility and greatness so that in twenty years' time we may be proud of them because they will have contributed to the intellectual and cultural development of our children.

Hon. Leon Methot: Honourable senators—

(*Text*):

The Hon. the Acting Speaker: May I remind honourable senators that if the honourable gentleman from Shawinigan (Hon. Mr. Méthot) speaks now, his remarks will have the effect of closing the debate.

(*Translation*):

Hon. Mr. Methot: Honourable senators, I agree with everything the honourable senator from Kennebec (Hon. Mr. Vaillancourt) has just said and I am convinced that if we pass this bill we will be helping those who will direct, operate and control our C.B.C. as well as all other radio and television broadcasting and we shall thus contribute to the improvement which will result therefrom.

(*Text*):

Honourable senators, there will be two bodies, the Board of Broadcast Governors and the Canadian Broadcasting Corporation. The corporation will be a Crown corporation, as it is at present. If we cannot predict the future, at least we can be guided by experience. The set-up of the railways in Canada has already met with success. We have a Board of Transport Commissioners, with which I would compare the Board of

Broadcast Governors. They will be much alike. As the honourable senator from Kennebec (Hon. Mr. Vaillancourt) said a moment ago, the board will be independent, and it will not have to make report of profit and loss. Its duties and objects will be to see that the act of the incorporation is complied with.

Hon. Mr. Lambert: May I ask my friend if the Board of Broadcast Governors will be in control of the budget of the corporation?

Hon. Mr. Méthot: Well, no, not in my own opinion, but it will be able to regulate terms and conditions of contract. It will have control of the corporation, and also of the private networks or stations.

Hon. Mr. Lambert: Surely the Board of Broadcast Governors would have something to say—a great deal to say, I should think—about the expenditure of the $60 million that is proposed for the capital development of the C.B.C. this year?

Hon. Mr. Méthot: Well, the objects and purposes of the board are expressed in sections 10 and 11. Section 10 says in part:

> The board shall, for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system...

And section 11 says:

> The board may make regulations for carrying out the purposes and provisions of this Part, and in particular, but without restricting the generality of the foregoing, may make regulations,
>
> (a) respecting the minimum broadcasting times to be reserved for network programs by any broadcasting station operating as part of a network;
>
> (b) respecting standards of programs;
>
> (c) respecting the character of advertising and the amount of time that may be devoted to advertising;
>
> (d) respecting the proportion of time that may be devoted to the broadcasting of programs, advertisements or announcements of a partisan political character and the assignment of such time on an equitable basis to all parties and rival candidates;
>
> (e) for promoting and ensuring the greater use of Canadian talent by broadcasting stations.

But it is the corporation, created by Part II of the bill, which is to take charge of national broadcasting. That may be one of the reasons for the difference in the wording of the bill as to appointment of officers. The President and Vice-President are appointed during pleasure, but the other officers are appointed to hold office during good behaviour for a certain length of time.

If we may again turn to the railways, we find that the President of the C.N.R. is appointed to hold office during pleasure, and I believe, although I may be wrong, that he is appointed to hold office during pleasure for three years. Nobody objects to that.

During the debate mention was made of reporting to certain ministers. Section 37(1) of the Canadian National Railways Act, which was assented to on June 28, 1955, says:

> The annual budget of National Railways shall be under the control of the Board of Directors and shall be submitted by the Board of Directors to the Minister of Transport.

Subsection (2) reads as follows:

> The Minister of Transport shall annually lay before Parliament the budget of National Railways approved by the Governor in Council on the recommendation of the Minister of Transport and the Minister of Finance.

It will be seen, therefore, that only two ministers are to report to Parliament, and that is operating quite well.

Honourable senators, I think this bill will have practically the same effect as the present law, except that we will have two separate bodies, and that the body which will be called the Board of Broadcast Governors will, as the honourable senator from Kennebec said a little while ago, be more effective than the present Board of Governors.

If this bill goes to committee, no doubt it will be dealt with clause by clause.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Méthot, bill referred to Standing Committee on Transport and Communications.

CAMPOBELLO-LUBEC BRIDGE BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-56, to authorize the construction of a bridge across Lubec Channel between the Province of New Brunswick and the State of Maine.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

JUDGES BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-59, to amend the Judges Act.

Bill read first time.

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

Hon. Mr. Aseltine: Next sitting.

The Senate adjourned until Monday, September 1, at 8 p.m.

THE SENATE

Monday, September 1, 1958

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

RAILWAY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-52, to amend the Railway Act.

Bill read first time.

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

Hon. Mr. Aseltine: Honourable senators, as this is a comparatively simple bill, to which, I believe, there will be very little objection, I move that it be placed on the Order Paper for second reading later this day, in case we can reach it before we adjourn.

Hon. Mr. Macdonald: Have copies of the bill been distributed?

Hon Mr. Aseltine: Honourable senators received copies in their mail boxes a week or more ago, I believe.

Hon. Mr. Macdonald: I am informed that copies have not been distributed.

Motion agreed to.

[Later:]

MOTION FOR SECOND READING STANDS

On the Order for the second reading of the bill:

Hon Mr. Aseltine: Honourable senators, I am ready to move second reading of the bill now, if it is the wish of the house that I do so.

Hon. Mr. Macdonald: As it is now five minutes to ten o'clock, perhaps the order should stand.

Hon. Mr. Aseltine: I ask that it stand until tomorrow.

Order stands.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following documents:

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1957, pursuant to section 10 of the Department of National Health and Welfare Act, Chapter 74, R.S. (English text).

The Canada Gazette, Part II, Statutory Orders and Regulations, 1958, Consolidated Index and Table of Amendments for the period January 1, 1955, to June 30, 1958 (French text).

Further Supplementary Estimates (1) for the fiscal year ending March 31, 1959. (English text).

SOUTH SASKATCHEWAN RIVER PROJECT

FEDERAL-PROVINCIAL AGREEMENT—RESOLUTION OF APPROVAL—DEBATE ADJOURNED

Hon. W. M. Aseltine moved, pursuant to notice:

Resolved, That it is expedient that the Houses of Parliament approve the agreement between the Government of Canada and the Government of Saskatchewan respecting the South Saskatchewan River Project, signed on the 25th day of July, 1958, and that this house do approve the same.

He said: Honourable senators, it falls to my lot as a senator from the province of Saskatchewan to have the privilege of introducing in this chamber this very important motion. The purpose of the motion, of course, is to secure the approval of the Senate of the agreement dated July 25, 1958 made between the Government of Canada and the Government of the Province of Saskatchewan. It has to do with an irrigation and agricultural rehabilitation project incorporating certain hydro-electric power facilities, and it is known to everyone under the name of the South Saskatchewan River Project.

I would like to inform honourable senators that the proposal to construct a dam for this purpose has been talked about for a hundred years. In 1858 Professor Hind, a geologist and naturalist at Toronto, Ontario, was sent out in charge of an expedition to explore the Saskatchewan and Assiniboine Rivers. He reported back that a dam should be erected at about the same site as is now proposed, that is at Coteau Creek on the South Saskatchewan River, but not for the same purpose. He was more interested in navigation and diverting the water of the South Saskatchewan down the Qu'Appelle Valley and into the Assiniboine River, on down to Winnipeg where the Assiniboine River flows into the Red. Since then from time to time many men have studied the problem and all have recommended that a dam be built for irrigation and hydro power.

As honourable senators know, the South Saskatchewan River runs through the Palliser Triangle, the southwestern part of which is quite dry. It rises in the Rocky Mountains some distance west of Calgary and flows east until it comes to Elbow, Saskatchewan. Then it makes a direct turn north past Outlook, Saskatchewan, and on north where it joins the North Saskatchewan River some miles east of the city of Prince Albert.

The agitation to have a dam built on the South Saskatchewan River came to a head in the 1930's. Honourable senators will remember those years, I am sure, and anyone who lived in the Prairie provinces during that period knows that water was very scarce. The whole farm population of western Canada suffered greatly on account of the fact that crops were poor and feed was so scarce that it had to be imported all the way from Minnesota, Manitoba and other parts of the Northwest.

As I have said, the agitation for a dam came to a head in the 1930's. Since 1940, particularly, much intensive engineering and survey work has been done, and reports and findings have been made. The greatest experts on earth dams on the continent have been consulted, and the question of whether or not this dam should be built, whether or not it was a good thing, whether or not it was in the national interest has been an election issue in western Canada for the past 25 years.

The site of the dam is at Coteau Creek, between Elbow and Outlook, Saskatchewan. Ten other locations were looked into between Swift Current and the city of Saskatoon before it was finally decided by the engineers that the Coteau Creek site was the ideal location for this dam. I want to reiterate that the dam site was chosen after most careful and thoughtful study of the whole problem.

When this dam on the South Saskatchewan River is built it will form a lake 135 miles long and from one to two miles wide. The lake will contain 8 million acre feet of water. The depth at the dam will be 175 feet to 190 feet. If you compare that with the Seaway dam on the St. Lawrence River, where the lake is only 35 miles long and the depth between 27 and 40 feet, you will have a better idea of the size of the reservoir which will be created by this dam and of the magnitude of the project. The reservoir will have a shore line of 475 miles. In addition to supplying water for irrigation and hydro-electric power, water will be diverted into the Qu'Appelle valley and be carried by gravity to supply Moose Jaw and Regina with a permanent supply of good, clear water. Of minor importance is the fact that it may result in the formation of quite a summer resort and public playground in that part of Saskatchewan, where water is scarce and where there are no lakes.

When the dam is built it will provide irrigation for 500,000 acres, it will serve 50,000 farmers, and it will make it possible to grow feed and fodder, coarse grains, and that kind of product when the West suffers a drought or in a dry season. I have already referred to the 1930's when the rainfall was almost nil, crops failed to grow and feed for stock had to be brought some thousands of miles.

The site of this dam is close to an area where a large population of farmers and others live. Some 53 per cent of the people of Saskatchewan reside within a radius of 125 miles of the dam site, of whom some 250,000 are in rural areas. Huge areas can be irrigated by gravity, others can be irrigated by pumping, and the cheap hydro-electric power which is generated will furnish the energy to drive the pumps.

Hon. Mr. Connolly (Ottawa West): Would the honourable senator know what portion of the 500,000 acres will have to be served by pumped water?

Hon. Mr. Aseltine: I may cover that point in my remarks; if not, I will answer it later.

I should like to emphasize that since 1940 large herds of cattle have been built up in the area about which I have been speaking. Irrigation will produce a permanent supply of feed for this livestock.

I might also mention an irrigation project in the province of Alberta. Incidentally, if the honourable senator from Medicine Hat (Hon. Mr. Gershaw) were in the chamber tonight, I am sure he would want to speak in favour of the agreement. The St. Mary's River project was built in Alberta under the Prairie Farm Rehabilitation Act. It originally furnished water for 120,000 acres and is now being extended to cover 380,000 acres.

The dam referred to in this resolution, honourable senators, is of earth construction. The main dam across the South Saskatchewan River at Coteau Creek will be 205 feet high, its crest length 8,500 feet, and its width at base 2,600 feet; it will be riprapped on the upper side with rock which can be obtained in large quantities in the district. This dam will carry a highway and a railway across the river. The area to be flooded is 116,000 acres.

The second dam to be built will cross the Qu'Appelle Valley about 11½ miles southeast of Elbow. This is necessary to hold the water from the reservoir from flowing down the Qu'Appelle Valley in that direction: there will be spillways at this dam and other works of that nature through which the water will flow by gravity down the Valley to Buffalo Lake, which is the chief supplier of water to the southern part of Saskatchewan, including the cities of Moose Jaw and Regina. The dam will be 135 feet high and 6,700 feet long. These dams are to be of earth. The best experts on the North American continent were called in for consultation, and

they agreed that earth construction such as is planned here is the proper type under the circumstances.

Hon. Mr. Connolly (Ottawa West): Will the honourable Leader of the Government (Hon. Mr. Aseltine) inform us who these experts are, or is that information to be obtained in committee?

Hon Mr Aseltine: I do not know their names. I did not inquire. I was told that three experts on earth dams were consulted.

Hon. Mr. Vien: Has the agreement between the Government of Canada and the Government of Saskatchewan been printed and distributed?

Hon. Mr. Aseltine: It was tabled in the Senate two or three weeks ago.

Hon. Mr. Vien: Is there attached to it a map of the project?

Hon. Mr. Aseltine: No. The only thing of that kind which I have is a map which was put out by the Saskatchewan River Development Association. It charts the project and states where the dams are located, the size of the reservoir, the main dam, the spillway chute, the outlet works, the Qu'Appelle Valley dam, the railway crossing, drainage basin, irrigable area and power installation. But I have only one copy.

Hon. Mr. Macdonald: It might be helpful if the honourable leader would indicate whether he proposes to send this agreement to committee for more detailed study. A number of questions have come to my mind, but I have not asked them, and I shall not do so if the bill is to go to committee.

Hon. Mr. Aseltine: If it is the wish of this honourable chamber to have the bill considered in committee, I assume that that can be arranged, but I trust that approval of the agreement will not be delayed too long. I have here a copy of the *Family Herald* dated September 4, 1958.

Hon. Mr. Connolly (Ottawa West): Daylight saving time!

Hon. Mr. Aseltine: Probably this issue has not reached many honourable senators. It contains an article, entitled "The case for the South Saskatchewan Dam", by the Right Honourable James G. Gardiner, of Lemberg, Saskatchewan. He gives the scheme his wholehearted approval. I do not intend to read from it, but I just want to say—

Hon. Mr. Connolly (Ottawa West): You do not often quote him!

Hon. Mr. Aseltine: Mr. Gardiner was always in favour of this dam—not merely during elections, but at all times. I will give him credit for that. I have known him a long time. We were at the same university at the same time. He played centre on the football team of Manitoba College, Winnipeg, and I played centre on the football team of Wesley College, which is now United College and in those positions we met quite frequently.

Hon. Mr. Vien: The honourable Leader will admit that the people of Saskatchewan were not very much impressed by the statement of approval he has just referred to.

Hon. Mr. Aseltine: I would inform the honourable senator that during the last election all political parties supported this project; and if they did not pay attention to Mr. Gardiner and his opinions, apparently it was because they trusted the present Government rather than other parties, including the party to which Mr. Gardiner belongs, to bring this project into being.

Hon. Mr. Vien: Even so, will the honourable leader not admit that it will be necessary for members of the Senate, to whom he is addressing himself, to have something more specific than he has yet been able to give us, before we pass judgment on this matter?

Hon. Mr. Aseltine: I am not depending on Mr. Gardiner's article. I referred to it only to show that the former Minister of Agriculture is in favour of this project.

Hon. Mr. Vien: What I am suggesting is that we must depend on something, and we would like to know how much this project is going to cost, and—

Hon. Mr. Aseltine: I shall come to that.

Hon. Mr. Vien: Very well. I hope so.

Hon Mr. Aseltine: The hydro-electric power potential will be around 375 million kilowatt hours annually.

The foregoing provides some information with regard to the location and size of the dam, and related matters. I am not sure that I can at once give the honourable senator from Ottawa West (Hon. Mr. Connolly) figures of the acreage which will be irrigated by means of gravity, but I will get that information.

Hon. Mr. Connolly (Ottawa West): Thank you.

Hon. Mr. Aseltine: I come now to the agreement, which was tabled some time ago. It consists of six parts. Part I has to do with the construction of the reservoir, and the pages of the agreement which deal with this are numbered one to seven. It is provided that 75 per cent of the cost of the reservoir and dams is to be borne by the Dominion of Canada and 25 per cent by the

province of Saskatchewan, provided that the cost shall not exceed $100 million.

Hon. Mr. Macdonald: Is that the total cost?

Hon. Mr. Aseltine: No. The total estimated cost of the dam and reservoir is $96 million, including the cost of acquiring land, and so on. The Province of Saskatchewan insisted on a clause being put in the agreement to the effect it would not have to pay more than $25 million, and if the dam costs more than $100 million the excess cost will be met by the federal Government. In order to assist Saskatchewan to finance its share of approximately $25 million, the federal Government will also pay 25 per cent of installing the penstocks to develop 200,000 horsepower. When the dam has been built and the power has been developed, the whole project will be turned over and presented to the Province of Saskatchewan.

Hon. Mr. Macdonald: What was the 25 per cent for?

Hon. Mr. Aseltine: Hydro-electric development.

Hon. Mr. Macdonald: Is there an estimated cost of that?

Hon. Mr. Aseltine: I believe I have some figures on it. The estimated cost of the dam and reservoir to be constructed is $96 million, of which 75 per cent is to be paid by Canada and 25 per cent by the Province of Saskatchewan.

Hon. Mr. Macdonald: I was interested in the cost of the hydro-electric development.

Hon. Mr. Aseltine: The estimated cost of everything, including the construction of the dam, the reservoir, hydro-electric development and the irrigation project is $185 million. That estimate breaks down into $96 million for the dam and reservoir, $20 million for power development and $79 million for irrigation.

Hon. Mr. Macdonald: Who will bear the cost of those last two items?

Hon. Mr. Aseltine: Saskatchewan bears the full cost of the irrigation project, the canals, the pumping system, and so on. Canada also pays 25 per cent of the penstocks to develop 200,000 horsepower.

Hon. Mr. Macdonald: And the estimated cost of that?

Hon. Mr. Aseltine: I have not got the figure.

Hon. Mr. Connolly (Ottawa West): Is that assistance by the federal Government to be by way of a loan or grant?

Hon. Mr. Aseltine: I will give the details of that later on.

Hon. Mr. Hugessen: The cost of the penstocks, I suppose, will be included in the $20 million estimated for power development, to which my honourable friend referred?

Hon. Mr. Aseltine: The hydro potential is much greater than 200,000 horsepower, and if Saskatchewan goes ahead and develops more power then it will pay the full cost of that.

Hon. Mr. Baird: Do I understand rightly that this whole project is to cost some $185 million and will benefit a total of 50,000 farmers?

Hon. Mr. Aseltine: It will probably benefit 50,000 farms, which is quite a number in any country.

Part II of the agreement has to do with operation and maintenance of the reservoir. There is a clause in the agreement to the effect that for 10 years after the transfer of the project by Canada to the Province of Saskatchewan, Canada will furnish all work, labour and materials necessary for maintenance of the reservoir. The cost of maintenance of the reservoir during the first six years of the agreement will be borne solely by Canada. For the next four years Canada and Saskatchewan will share equally the cost of maintaining the reservoir.

Clause 9(1) on page 8 of the agreement provides that if a major disaster occurs to the reservoir and it is attributable to faulty design or construction, Canada will indemnify the province in respect to claims by third parties. A board, called the South Saskatchewan Reservoir Board, is set up, composed of four members, two appointed by each Government.

Hon. Mr. Connolly (Ottawa West): Does the honourable leader object to questions as he proceeds?

Hon. Mr. Aseltine: Not if I am able to answer them.

Hon. Mr. Connolly (Ottawa West): You answer them very well. I am just wondering about this clause with reference to indemnity by Canada in the event of a major disaster. Does this arise because of the fact that the dam is an earth-filled dam and there may be some question as to whether or not it is a feasible engineering project? Is there an element of that in it which requires this clause to be in the contract?

Hon. Mr. Aseltine: I believe this was insisted upon by the province of Saskatchewan. Perhaps I should read clause 9(1), if that is the right clause, or I could return to this question later.

Part III has to do with penstocks and power development, which are covered on

pages 10 and 11 of the agreement. I have already dealt with these matters.

Part IV has to do with irrigation works, which are covered on pages 11 and 12. Saskatchewan assumes full responsibility for and undertakes the construction, operation and maintenance of all canals and other works at her own expense.

Part V has to do with records, inspection and payment, and that sort of thing.

Hon. Mr. Hugessen: Before the honourable leader continues, may I ask a question? He has said that Canada undertakes to indemnify the province in case there should be a calamity, such as the breaking of the dam. What clause of the agreement covers that?

Hon. Mr. Aseltine: My reference apparently was right, only I did not look far enough down the page. Clause 9(1) reads as follows:

> Where, by reason of a failure in the structure of the reservoir that is attributable to faulty design or construction, damage is caused that in the opinion of the Minister and the Premier is of the magnitude of a disaster, Canada will indemnify and save harmless the province in respect of all claims of third parties arising out of such failure.
>
> (2) This clause does not apply in respect of failure in the structure of the reservoir that occurs after the expiry of twenty-five years from the day on which the certificate is delivered by the Minister to the Premier under clause 7.

Hon. Mr. Hugessen: May I ask who is responsible for the design and construction of the dam?

Hon. Mr. Aseltine: I understand that these have all been prepared by the federal Government and their engineers on the advice of experts.

Hon. Mr. Hugessen: Who is going to undertake the construction, the provincial or the federal authority?

Hon. Mr. Aseltine: The construction is all being done by the federal Government.

Hon. Mr. Connolly (Ottawa West): By the federal Government?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Connolly (Ottawa West): I realize what the agreement provides in respect of indemnity, but what I am concerned about is whether or not this clause was inserted in the agreement because there are opposing engineering opinions as to the feasibility of the type of dam that is proposed to be built.

Hon. Mr. Kinley: May I ask if it is a continuous guarantee?

Hon. Mr. Aseltine: Clause 1(2) says:

> The site, plans, specifications and details of construction of the work and the manner of undertaking the work, including the terms of all contracts relating thereto, shall be determined by the Minister.

Hon. Mr. Kinley: Is there a termination to the guarantee, or is it to go on for ever?

Hon. Mr. Aseltine: It terminates in 25 years.

Part VI has certain general provisions, on pages 15 to 18, whereby a board is formed, called the South Saskatchewan River Development Board. It consists of seven members, four of whom, including the chairman, are appointed by Canada, and the other three by the Province of Saskatchewan. Their powers are outlined on page 16. These general provisions also provide that any dispute with respect to interpretation of the agreement must be referred to the Exchequer Court for decision, and the decision of the Exchequer Court shall be final.

As I said before, honourable senators, this project has been in contemplation for a long time. There has been much argument and delay, and some recrimination, but this great Saskatchewan Dam project will at last become a reality if this agreement meets with the approval of this chamber. It has already met with the approval of the other place. When the project is completed Saskatchewan will be able to share in the industrial expansion that is taking place in the rest of Canada. And, what is more important, Saskatchewan's agriculture will at the same time be assisted to a greater degree.

There may be other questions I could answer, but that, honourable senators, is a brief explanation of the agreement in question.

Hon. Sydney J. Smith (Kamloops): Honourable senators, having lived for many years in the area that we are considering under this item, and being familiar with the conditions that lie in the background of the proposed development, I have some interest in, although I was not familiar with, the terms of the contract until I heard them referred to this evening.

May I say, honourable senators, that I believe that this matter is of such importance that if time permits it should go to committee so that there will be an opportunity to discuss the details. However, from past experience I am familiar with some aspects of the project and I propose to speak briefly on them at this time. I refer to that part of the proposed project that has been played by an organization or agency set up under the Prairie Farm Rehabilitation Act, which was enacted in 1935, resulting from conditions that caused concern about the productivity and the problems relating to drought conditions on the prairie from 1929 to 1937. We know from experience within our own memories, as well as from a great deal of evidence from other sources, that over a long period of time there have been recurring drought conditions in what is known as the Palliser

Triangle, which embraces a great part of Southern Saskatchewan, as well as portions of Alberta and Manitoba, together with that area in the States known as the dust bowl. My memory goes back to the recurring drought conditions in those nine years between 1929 and 1938 and I am interested in anything that could possibly be done to ensure relief.

From an economic standpoint, it is interesting to note that the income from wheat sales alone for a period of years prior to 1929, in the three Prairie provinces, amounted on an average in excess of $350 million a year. For the nine years of drought between 1929 and 1938 it amounted to an average of $165 million. The year 1931 was a particularly bad year, when there was almost a complete crop failure, and evidence which was received by the Rowell-Sirois Commission indicated that the income of wheat farmers dropped to an average of $81 in cash a year. That is the average amount the wheat farmer received in cash at elevators, after leaving enough for seed and enough feed on the farm. That average figure is taken over an area embracing about 22,000 farmers. Of course, that created a serious situation. In view of that situation, in 1935 the Government of that day brought in the Prairie Farm Rehabilitation Act, which set up an agency to cope with drought problems and to study solutions. As a matter of custom in the past 20 years P.F.R.A., the initials of the act, have become attached as a title to the agency or bureau consisting of engineers and experts of every kind who have been studying the problem of drought conditions out there, and possible solutions.

I spent a few days last July on the Prairies. For the greater part of two days I was in the air over southern Saskatchewan, that part within the Palliser Triangle, and I found at that time what I recognized as assurance against a recurrence of what we had experienced back in the 1930's, and that was the existence of a number of bodies of water, reservoirs of every kind, covering that country. The sun just shimmered on thousands of ponds on individual farms. Larger reservoirs provided by damming up the ravines and so on on the Prairies provided a water supply for stock watering. I afterwards visited some of the areas I knew very well during the drought years and I found them converted from the old economy of individual farmers on every half-section to large community pastures surrounding these dam projects and reservoirs. Those areas had been converted from what had been a wheat economy during the drought years to a livestock economy, and that provided a solution and assurance, to some extent, that drought could not produce as disastrous results in the same area as it did in the past.

I followed that up with a study of the last annual report of the Prairie Farm Rehabilitation Act and I was amazed to find that during the 20 years it has been in operation more than 53,000 water reservoirs have been built over that area, 40-odd thousand of them being on individual farms, and many thousands on larger projects that service neighbourhoods. Then there were areas like Vauxhall, Hayes, Rolling Hills, St. Marys and other areas in the drought belt that have been converted into irrigated agricultural projects.

What I was particularly interested in was the tremendous job that has been done under the P.F.R.A. in the way of providing an insurance. But a lot of individuals in that area have forgotten the old conditions, or are too young to have suffered from them, and are inclined to think the oldtimers who tell them of things that happened back in the thirties are spoofing or talking of something they know nothing about.

I think the work done under the P.F.R.A. has been a tremendous factor in avoiding a recurrence of the old drought conditions. I would hope that the facilities and the services of that act which have been developed during the years since the war will be extended to every province. We had them in British Columbia with the Veterans' Land Act projects and such like. The P.F.R.A. administration had its head office in Regina, with regional offices in Kamloops and Winnipeg. The Kamloops office has been closed for some time and we are tremendously interested in the Government taking under consideration an expansion of that work. I do not think there is any more important factor in the problem of land use throughout Canada than those to which I refer. If the agency was not tagged with a name including "Prairie", I have no doubt its activities would have been further extended before now. I do earnestly hope that the Government will give consideration to a great expansion of the services that have played such an important part in this Palliser Triangle area and in the development leading up to this matter which we have under consideration at the present time. The act was set up for the Prairies and it is named for the Prairies, but I do not think the Prairie people would object if the name was changed to "Canadian Reclamation Act" or something of that kind, which would be more suitable than the present name for an act applicable to all of Canada. I think it would not only continue to play a great part in the development of Saskatchewan and the Palliser Triangle but that in

the future it would assist reclamation and rehabilitation in agricultural areas in other provinces.

Hon. Mr. Macdonald: Honourable senators, from the discussion which took place tonight it would appear that there is a wish on behalf of a number of senators that the agreement should be considered in committee. I think the proper procedure would be for me, or someone, to move adjournment of this debate and then I would make a motion to refer the agreement for consideration to committee.

Hon. Mr. Aseltine: What committee would you suggest?

Hon. Mr. Macdonald: An honourable senator behind me suggests the Committee on Natural Resources. However, it is immaterial.

Hon. Mr. Aseltine: The Committee on Transport and Communications will be meeting tomorrow morning.

Hon. Mr. Lambert: May I suggest that in view of the tremendous financial implications of this bill it should properly go before the Banking and Commerce Committee of the Senate?

Hon. Mr. Aseltine: The Banking and Commerce Committee could hold a sitting tomorrow night.

On motion of Hon. Mr. Macdonald, debate adjourned.

Hon. Mr. Vien: Honourable senators, I would like to point out that the Distribution Office informs me it has no copies of the agreement that is now before the Senate. I think this agreement, of which I have been lent a copy for tonight, should be printed as an appendix to our debates so that every honourable senator would have it tomorrow.

Hon. Mr. Macdonald: It might probably facilitate proceedings if it appeared as an appendix to the *Minutes of the Proceedings.*

Hon. Mr. Vien: I quite agree.

Hon. Mr. Aseltine: This is a long agreement, running to some 20 pages. I think, however, it would be feasible to have it printed.

Hon. Mr. Macdonald: In the *Minutes of the Proceedings?*

Hon. Mr. Aseltine: Yes.

Hon. Mr. Lambert: Honourable senators, may I suggest that when this agreement comes before a committee a map should be produced there to show members of the committee where the dam is proposed to be built and the extent of the country surrounding it, so that we may get some idea of the vast extent of the scheme which the Leader of the Government (Hon. Mr. Aseltine) has described this evening.

Hon. Mr. Vien: Honourable senators, I move that the agreement between the Government of Canada and the Government of Saskatchewan made July 25, 1958, concerning the South Saskatchewan River project, and tabled in this house on August 5, be printed as an appendix to the *Minutes of the Proceedings* of the Senate of this date.

Motion agreed to.

REFERRED TO COMMITTEE

Hon. Mr. Macdonald: Honourable senators, I move that the agreement between the Government of Canada and the Government of Saskatchewan, made July 25, 1958, concerning the South Saskatchewan River project, and tabled in this house on August 5, be referred to the Standing Committee on Banking and Commerce for consideration and report.

Perhaps I should withdraw my motion, and allow the honourable Leader of the Government to make the motion.

The Hon. the Speaker: The motion is withdrawn. Will the honourable Leader of the Government make the motion?

On motion of Hon. Mr. Aseltine, agreement referred to Standing Committee on Banking and Commerce.

INTERNAL ECONOMY

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the third, fourth, fifth, sixth, seventh and eighth reports of the Standing Committee on Internal Economy and Contingent Accounts.

On motion of Hon. Mr. Brunt, Chairman of the committee, reports adopted.

CAMPOBELLO-LUBEC BRIDGE BILL

SECOND READING

Hon. John J. MacDonald moved the second reading of Bill C-56, to authorize the construction of a bridge across the Lubec Channel between the Province of New Brunswick and the State of Maine.

He said: Honourable senators, may I give you a brief statement of fact concerning the proposed bridge, as forecast by this legislation.

At the present time there is a ferry service between Campobello Island, New Brunswick and Lubec, Maine, which is subsidized by the federal Government under the Canadian Maritime Commission and the province of New Brunswick. The subsidy is shared equally

between the two Governments. The service, however, is limited and does not normally operate during the hours of darkness.

The Province of New Brunswick has surveyed the area in conjunction with the State of Maine and they jointly feel that the ferry service should be replaced by a permanent bridge. In part, this decision is based on the fact that there are no medical facilities on Campobello Island and there have been many cases where emergency trips have had to be made under adverse and sometimes dangerous conditions. Further, for the development of trade and tourism it is felt that the existing ferry service is completely inadequate and should be replaced by a permanent structure.

The bill does not deal with financial matters. It merely permits the Province of New Brunswick to enter into an agreement with the State of Maine, which agreement would cover the financial arrangements and the procedure for construction. This bill does, however, provide that any such agreement is subject to the approval of the Governor in Council and also provides that construction must be in accordance with and subject to the regulations for safeguarding navigation. The bill also provides that Canadian labour and materials to the extent of approximately 50 per cent shall be employed in the construction of the bridge.

Arrangements for financing the construction of the bridge and approaches would be, in the first instance, a matter for agreement between the Province of New Brunswick and the State of Maine, which agreement will be permitted by this legislation. It is proposed that the design of the structure would be undertaken by the State Highway Commission; however, provision in the agreement would be made that tenders would be called in both Maine and New Brunswick.

As the proposed bridge would be built in the area included in the Passamaquoddy Tidal Development which is before the International Joint Commission, confirmation has been obtained from the commission that construction of a bridge at this location would not interfere in any way with the proposals being considered by the commission. Furthermore, there would be no financial advantage in seeking to merge the proposed bridge with any of the dam structures under consideration for the power development project.

As this would be an international structure, and in view of the fact that the federal Government now asumes 50 per cent of the ferry subsidy, the Province of New Brunswick has requested that the federal Government participate with the province in the Canadian share of this structure. Should the necessary legislation be enacted and a satisfactory agreement entered into between the State of Maine and the Province of New Brunswick, the federal Government has agreed to share in the cost of the project with the Province of New Brunswick. The present proposal is that the federal Government will bear two-thirds of the cost of the Canadian half of the structure and the New Brunswick approach and that the province of New Brunswick would assume one-third of the cost of the structure and approach and, in addition, would assume 100 per cent responsibility for the construction of a connection from the highway system to the bridge approach.

On the basis of preliminary estimates, the Canadian share of the project would be $580,000 and funds for federal participation would be dealt with under the estimates of the Department of Public Works.

An analysis of the bill is as follows:

Section 1 is short title.

Section 2 authorizes the construction, operation and maintenance of the bridge subject to the provisions of the act and subject to the terms of the agreement concluded between the Province of New Brunswick and the State of Maine as provided by the Governor in Council.

Section 3 authorizes the Province of New Brunswick to enter into an agreement with the State of Maine. In several recent instances the agreement has been in existence before the legislation was introduced and accordingly it has been possible to attach a copy of the agreement to the bill. However, in the present instance the agreement has not yet been worked out in detail. In order that the construction of the bridge may not be unduly delayed, provision is made in the bill for the submission of the agreement when made to the Governor in Council for approval. If this clause were not included, it would amount to asking Parliament to sign a blank cheque. Section 3 also specifiies that the bridge is to be free of tolls.

Section 4 requires the bridge shall be constructed in accordance with the regulations for the safeguarding of navigation. This, in fact, is a requirement of the Navigable Waters Protection Act, which is administered by the Department of Public Works of Canada.

Section 5 requires that Canadian labour and materials are to be used to the extent of 50 per cent where these are available in Canada. The decision whether this provision of the bill has been complied with lies with the Minister of Labour.

Section 6 is a routine requirement that Canadian labour shall be employed in accordance with the Fair Wages and Hours of Labour Act.

I don't know whether at this point I should take my seat, and let someone ask questions. I have a little more information available.

Hon. G. Percival Burchill: Honourable senators, I do not intend to ask the honourable senator any questions. I merely rise to say that I think it is a matter of some regret that the honourable senator from Southern New Brunswick (Hon. Mr. McLean) is not present, because his business interests are in a section of the province in which this bridge is to be built, and he knows more than I do about the district and the advantages which the building of the bridge will bring to the province. The island of Campobello, which is in the section that will be served by the bridge, is one of the most delightful and charming spots in Canada. It is a most desirable tourist section. As honourable senators will recall, it was for many years the summer home of the late President Franklin Roosevelt. I know that the people who live in this lovely spot have suffered from the lack of a bridge. It will fulfil a great want; and, as a representative of the province of New Brunswick, I will only add that we are very grateful for the crumbs which fall from the Government table.

Hon. Mr. MacDonald: Honourable senators, I was pleased to hear these remarks by the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill). I have some additional information which I should give the house.

Tentative designs prepared by the State of Maine Highways Commission call for a bridge 850 feet in length with steel beams, two abutments and nine piers. The bridge will be sufficiently wide to provide for two 11-foot traffic lanes and two sidewalks, each measuring 2 feet 6 inches wide. The tentative design for piers provides for steel pile bents with concrete caps. Incidentally, I obtained this information myself from the chief engineer, and those honourable senators who know anything about engineering will be able to follow these remarks.

This is only a preliminary design based on soundings and penetration tests for the purpose of getting the range of expenditure. The figures used in estimating the expenditure are in part taken from the State of Maine costs on a structure of approximately the same dimensions and built in the same area. The estimated total cost to the federal Government, based on a preliminary estimate of figures from New Brunswick and Maine, is $354,000, while the estimated total cost of the bridge is $1,050,000. The total of Canada's share will be $580,000, which will include half of the cost of the bridge, the approaches and the construction of a connecting road from the existing New Brunswick highway system.

Ninety-nine per cent of the traffic in this channel is made up of sardine carriers and smaller craft. The clearances provided by this tentative design are in accordance with the suggestion of the department, and they will be 40 feet from mean high tide, vertical and 75 feet horizontal. This, too, is tentative and should the project go ahead the final plans will have to be approved by Canada and the United States Corps of Engineers. I hope I have made it clear that there will be a space of 40 feet from the high level of the water to the bottom of the bridge, and 75 feet between the piers.

Honourable senators, this is all the information I can give you.

Hon. Fred A. McGrand: Honourable senators, I welcome this legislation which enables the Province of New Brunswick to enter into an agreement with the State of Maine to construct a bridge between the Island of Campobello and the mainland at Lubec.

This bill is not too clear as to the actual amount the Canadian and New Brunswick Governments will pay for construction of this bridge. What investigations have been made to determine this amount? The bridge is to be built over high-tidal water in a location where the tides are very high. The amount of $1,050,000 must be considered the lowest possible estimate for a bridge in this location.

I would like to know more about the engineering plans and the conditions to be encountered in the construction of the bridge. It is evident that no information as to deep-water foundation, acquired by borings, is in the hands of the Government.

Campobello is one of several inhabited islands lying in Passamaquoddy Bay. These islands, while always part of Canada, are somewhat geographically closer to Maine than to New Brunswick. Campobello Island is 12 miles long and three miles wide and has a population of about 1,200. Its sister island, Deer Island, is of similar size and population. Campobello lies close to the American mainland at Lubec. Deer Island, in a similar position, is close to Eastport, Maine, at its western end, but at its eastern end it lies close to the New Brunswick mainland at L'Etete.

Honourable senators, these islands have an interesting history. They lie in the centre of the New Brunswick sardine industry and they have contributed immensely to the economy of Charlotte county. Several years before the American Revolution, Campobello was granted to Captain William Owen of the British Navy, and it remained in the Owen family for more than a century. About the same time Deer Island was granted to Joseph Gorham. Settlers were few until after the

American Revolution. Following the migration of the Loyalists to Canada, these islands received their first permanent settlers and they have been part and parcel of our Canadian territory ever since. It was at the mouth of the St. Croix River, where it enters into Passamaquoddy Bay, that DeMont and Champlain spent a winter in an attempt to establish a settlement there some four years before Quebec was founded.

These islands played an important part in the war of 1812 and in the war of the American Revolution. It was in this vicinity that John Allan, a member of the Nova Scotia Assembly, and a sympathizer with the rebellious American colonists, established his headquarters during the Eddy Rebellion in an effort to make Nova Scotia the fourteenth rebellious colony.

In years past the people of these islands have suffered from isolation, which is the lot of most island communities. They have maintained their cultural and economic contact by the use of boats and a ferry service to the New Brunswick mainland. It is only reasonable to assume that the residents of Deer Island will expect the same communication with the mainland as is now proposed for Campobello. I suggest that the Canadian Government look into this matter and investigate ways and means of connecting Campobello and Deer Island to the New Brunswick mainland at L'Etete.

Communities which have suffered so long, and which have been a part of our Canadian way of life and contributed so much to the welfare of our fishing industry, often at great disadvantage to themselves, should share in all that Canada has to offer.

I understand that some four years ago the federal Department of Public Works was ready to undertake the construction of a similar bridge at this location, if and when the New Brunswick Government would give its approval and co-operation. Announcement of approval from New Brunswick did not come until late in March of this year.

Now that the Government has taken the initial step to connect this Passamaquoddy island with the mainland, it must consider plans of linking Campobella and its sister island to the Canadian mainland. This may be impossible; it certainly would be most difficult, because the tides are high and powerful between the small islands that lie between Deer Island and the mainland.

Now that the Government has taken the first step, it must be prepared to take a second look at the problem of the residents of these islands and their place in Canadian history, for their place in New Brunswick's economy requires this consideration.

I think we are entitled to more information obtained from engineering reports concerning the conditions to be met in the construction of this bridge. Failure to provide this could easily prejudice any wider policy in establishing connections between these islands and the mainland of New Brunswick.

Honourable senators, this is the first time that we have heard about this matter of connecting these Passamaquoddy Islands to the mainland, but it will not be the last.

Motion agreed to and bill read second time.

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

Hon. Mr. McGrand: Next sitting.

JUDGES BILL

SECOND READING

Hon. William R. Brunt moved the second reading of bill C-59, to amend the Judges Act.

He said: Honourable senators, this bill is a very short one, and requires only a brief explanation. However, I think it is an important bill, and when it becomes law it will greatly facilitate the administration of justice in the provinces of New Brunswick and Ontario.

The provinces of New Brunswick and Ontario have passed and proclaimed legislation which provides for certain additional judicial positions, and the amendments proposed to the Judges Act are required in order to effect these new positions.

Honourable senators are aware that by section 92, clause 14, of the British North America Act the provinces have jurisdiction over the constitution of courts within the provinces. Section 96 of the same act makes provision for the appointment of judges of the Superior, District and County Courts in each province by the federal Government, and section 100 of the act charges the federal Government with payment of the salaries, allowances and pensions of such judges.

With that brief explanation, I will now deal briefly with the three clauses of the bill.

Clause 1 specifies that there shall be 20 other judges of the high court of Ontario besides the Chief Justice. Under the present act there are 18 other judges. The appointment of two additional judges will greatly facilitate the work of the High Court in Ontario. These judges are really needed in this province since it has been found, with the great increase in litigation which has taken place in the province of Ontario, that 18 judges are not sufficient to do all the work properly.

Clause 2 specifies that there shall be three other judges of the Appeal Division of

the Supreme Court of New Brunswick besides the Chief Justice. At present there are two other judges. As is stated in the explanatory notes to this bill, the Legislature of New Brunswick has amended the New Brunswick Judicature Act to provide an additional office, with the intention that the judge would act primarily as Judge of the Court of Divorce and Matrimonial Causes but would be available for the Appeal Division when required, particularly in appeals from the Chancery Division.

Further, subsection (2) of clause 2 repeals the provision of the present act which provides an extra salary of $500 for the Judge of the Court of Divorce and Matrimonial Causes. In view of the new arrangement that I have outlined, this salary would not be required.

Finally, clause 3 of the bill specifies that there shall be 70 judges and junior judges of the County and District Courts of Ontario. At present there are 64 such judges. I am informed that these six additional judges will be located as follows: District No. 2—One extra judge in the county of Essex, which embraces Essex, Windsor, Leamington, Kingsville and other places. District No. 1—One extra judge, who will preside in the counties of Lincoln, Welland and Wentworth, so that he will be available to relieve the judges in Hamilton and Welland, where there is considerable work at the present time, including, I understand, quite a number of untried cases.

Hon. Mr. Connolly (Ottawa West): Where will the judges live?

Hon. Mr. Brunt: I do not think that has been decided. Of course, if you leave it up to the appointee it will be in Hamilton.

Hon. Mr. Macdonald: But which county?

Hon. Mr. Brunt: My understanding is that he will be appointed for Wentworth county.

Hon. Mr. Macdonald: There is no provision in the bill before us for any one of these judges being appointed to any particular county or district?

Hon. Mr. Brunt: That is right. I am just giving this as additional information which I thought might be of interest to honourable senators.

It is proposed to have the third judge appointed for the County of Simcoe which embraces the towns of Orillia, Barrie, Coldwater and Penetanguishene.

The next two appointments, I understand, are to go to the County of York, in which the City of Toronto is located. From personal experience I can assure honourable senators that two additional judges are certainly required in the County Court of the County of York.

Finally, I think it is the intention to appoint an extra judge for the Sudbury district.

As I have stated, the provinces affected by this bill have passed and proclaimed legislation establishing these additional offices, which they were competent to do under the British North America Act.

The Attorneys General for the provinces of Ontario and New Brunswick have requested the federal Government to enact these amendments to provide the salaries in order that the appointments may be made to the offices. I am advised that the Minister of Justice has had discussions and correspondence with the Attorneys General of the two provinces with a view to establishing that these additional judges are required, and he is satisfied that the judges are required.

I would therefore recommend this bill to honourable senators for favourable consideration.

Hon. W. Ross Macdonald: Honourable senators, I am in accord with the provisions of the bill in so far as I am acquainted with the needs of the country. I am acquainted with the necessity of having additional judges on the High Court Division of the Supreme Court of Ontario and also additional judges for the County Courts of Ontario.

I am not familiar with the requirements for the province of New Brunswick, but if the Legislature of that province has requested the appointments provided for in this bill I have no hesitation in approving of them.

As the sponsor of the bill has stated, the work in the High Court Division, which is the Trial Division, of the Supreme Court of Ontario is very heavy indeed. It has been increasing rapidly over the years, and 18 judges have not been able to keep the work up to date. It is desirable that the cases which are entered in the courts should be disposed of as soon as they are prepared for trial. Two additional judges will help to dispose of the cases, but even with 20 judges I think the courts will be kept very busy and that all the cases will not be disposed of at the end of the season.

With respect to the County Courts, as honourable senators know, there are in Ontario—and probably in other provinces and districts throughout the dominion—certain counties in which the work is very light and can be attended to within several hours each week. That does apply particularly to some counties in Ontario. There are other counties where the work is very heavy, where judges are required to be in their office and in the courts at least five days every week, and even six days.

I am pleased to notice that the Ontario Legislature at its recent session established these additional offices with jurisdiction throughout the province. I presume that these six additional judges will be allotted to six additional offices, but we have no assurance of that. The bill merely provides for the appointment of six additional County Court judges, and the Legislature could appoint them to one county. Is there anything to prevent that?

Hon. Mr. Brunt: The appointments have to be made by the dominion Government.

Hon. Mr. Macdonald: Yes, the appointments have to be made by the dominion Government. I think, though, we should have some information as to what counties these judges will be appointed to.

Hon. Mr. Brunt: Possibly a little disagreement has arisen in connection with these appointments. I believe that it is the feeling of the dominion Government that every County Court Judge should be named for a specific county. The Ontario Act provides that six additional judges shall be appointed in the province, which would lead one to believe that they would have jurisdiction in all the county courts of Ontario. My own feeling is that they will be named to specific counties, but of course I have no authority to say that this will be done. I have expressed an opinion tonight as to where I think they will be named, and that is as far as I can go.

Hon. Mr. Macdonald: Well, I think we accept the statement made by the honourable senator sponsoring the bill. I am satisfied that in at least six counties there is need of an additional judge, and as the Legislature of Ontario has asked for six appointments I am prepared to support the request.

Hon. Mr. Connolly (Ottawa West): Can the honourable gentleman who sponsored the bill tell us if the Ontario Legislature indicated where these judges are required? Is it his information that they will probably be appointed to districts selected by the Attorney General of Ontario or the Legislature of Ontario?

Hon. Mr. Brunt: I do not think the legislators for the province of Ontario were advised of the counties to which the judges would be named, because when the act was passed in the Legislature it was of such a type that it proposed to give jurisdiction to each of these six judges in every County Court in the province of Ontario.

Hon. Mr. Connolly (Ottawa West): That is very unusual.

Hon. Mr. Brunt: That is a very unusual feature. But I still think the judges are going to be named to specific counties and that those counties will be agreed upon at a conference between the Attorney General of Ontario and the Minister of Justice of Canada, and I think they will be appointed to the counties that I have mentioned tonight. I believe that has almost finally been agreed upon.

Hon. Mr. Connolly (Ottawa West): As the honourable gentleman knows, as a matter of practice very often a County Court judge in one county who does not happen to be too busy is frequently seconded to the County Court in the adjoining or nearby county to assist in disposing of the work there, but I think—I speak subject to correction—there has never been an appointment of a County Court judge at large in Ontario.

Hon. Mr. Brunt: There never has been. As a matter of fact, there are in Ontario 12 judicial districts, each made up of a number of counties or districts, and the judges do rotate within those judicial districts. Occasionally a judge from outside the district will come into Toronto, where the work on the County Court list gets far behind; no limitation is placed on York county in taking judges from outside the district.

Hon. Mr. Macdonald: Has the act of the Ontario legislature been proclaimed?

Hon. Mr. Brunt: I understand it has.

Hon. Mr. Burchill: Honourable senators, on behalf of New Brunswick may I add one word to what has been said. I think I am correct in saying that in addition to an enactment by the Legislature and a recommendation by the Attorney General of our province, there was also a recommendation from the Barristers' Society of New Brunswick for the appointment of an extra judge. Of course, every lawyer in this chamber tonight realizes that a recommendation from the Barristers' Society is almost tantamount to a guarantee that an appointment will be made.

Hon. Mr. Brunt: Absolutely.

Hon. W. Ross Macdonald: Honourable senators, this bill will no doubt receive second reading tonight. I would suggest that before it receives third reading its sponsor should get more information with respect to the Ontario counties to which the new judges will be appointed. It seems to me rather unusual for the Government to ask Parliament for the appointment of certain judges for the province and leave it to the Minister of Justice to decide to what counties they will be appointed.

Hon. Mr. Brunt: He always does that.

Hon. Mr. Macdonald: Is that the usual procedure?

Hon. Mr. Brunt: Yes. The Minister of Justice names the county to which the judge is to be appointed, but I think he does so only after consultation with the Attorney General of the province.

Hon. Mr. Macdonald: I still think the sponsor of the bill should endeavour to get information as to the counties to which these judges will likely be appointed.

Hon. Mr. Brunt: I will endeavour to have that information by tomorrow.

Motion agreed to and bill read second time.

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

Hon. Mr. Brunt: Next sitting.

COMMITTEE MEETING

Hon. Mr. Aseltine: Honourable senators, before I move adjournment of the house I would like to call attention to the fact that the Standing Committee on Transport and Communications is to meet tomorrow morning at ten o'clock to consider Bill C-55, the Broadcasting Bill.

Hon. Mr. Macdonald: The notice in the *Minutes of the Proceedings* gives the hour of meeting as 10.30. Is that incorrect?

Hon. Mr. Aseltine: The Chairman of the committee (Hon. Mr. Hugessen) is here. I understand he authorized the change in the hour of meeting from 10.30 to 10 a.m.

Hon. Mr. Hugessen: Honourable senators, I was advised that the minister in charge of the bill in the other house wishes to attend the meeting of the committee and it would be more convenient to him if we sat at 10 o'clock rather than at 10.30. He wishes to attend the sitting of the House of Commons later in the morning. Under the circumstances I thought it only courteous to agree to the change.

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, September 2, 1958

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

Prayers.

SPECIAL APPROPRIATION BILL, 1958

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-57, for approving certain expenditures authorized for the public service, and the application of certain amounts in the accounts, of the financial year ended the 31st March, 1958.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: I move that the bill be read the second time now.

Hon. Mr. Macdonald: Have copies of the bill been distributed?

Hon. Mr. Aseltine: Yes.

Honourable senators, this bill covers the final supply for the fiscal year 1957-58. Its purposes are to approve the supply released by means of three special warrants of the Governor General issued on August 16, 1957, August 19, 1957, and February 7, 1958, and to authorize the application in the accounts for 1957-58 of the eleven items which were included in the estimates for that year but were not released by the warrants.

Perhaps I might give a brief explanation of at least two of these eleven items, which total $110,042,595. This figure may be found in column 4, on page 69 of the *Report on Supply* for the fiscal year ended March 31, 1958, a copy of which every honourable senator has received. Two quite large items are included in this total. The first one is $103 million, which was used to make up the deficit in the Old Age Security fund; the Minister loaned the $103 million under the Old Age Security Act and it is now being repaid by this appropriation. The other large item is $6 million, which was used for agricultural support. That makes $109 million out of the $110 million that I have referred to. The other items are much smaller, and I can give information with regard to them if desired.

The amount of this bill is $657,060,927.32. How this amount is determined is explained in the summary that I have referred to. It is on page 2 of the *Report on Supply* for the fiscal year ended March 31, 1958, which booklet was distributed to honourable senators last week.

First, to the amounts to be voted—that is, excluding the statutory items—in the five sets of estimates tabled last year are added the amounts of two special warrants of the Governor General issued last August, one of which authorized further expenditures on the movement of Hungarian refugees and other immigrants to this country, and the other authorized further payments under the War Veterans Allowance Assistance Fund.

The first warrant, of August 16, 1957, was for $300,000. The second warrant, of August 19, 1957 was for $2,428,000, which was used, as I have said, for the transportation of immigrants.

The other amount represents the difference between the estimated and actual requirements for three of the eleven new items.

Next are shown reductions, largely made by the Governor in Council, in those estimates. The sum of those is the total supply for 1957-58, amounting to $3,541,314,359. From this total requirement is deducted the amount voted on account of the said items by the six interim supply bills passed by Parliament last year, $2,884,253,431.68. The balance of $657,060,927.32 is the amount of the final supply bill now before us.

The footnote at the bottom of the first page of the summary in the *Report on Supply* gives a breakdown of this amount as follows:

(a) Total of amounts authorized by three Special Governor General's Warrants	$547,018,332.32
(b) Total of eleven items to be authorized	110,042,595.00
	$657,060,927.32

Honourable senators, I would like to say a few words on the details of the third and following pages of the *Report on Supply*. The first column gives a breakdown of the total amount to be voted in the Estimates for 1957-58, less the statutory items. The second column shows the total amount appropriated for each item in the six Appropriation Acts passed last year. The third column gives the total amount released by the three special warrants for each item. The fourth column contains the eleven items to be authorized by this bill, which I have mentioned several times already. The fifth column shows by item the total supply required for 1957-58. The last column lists the reductions which, except where otherwise indicated, were effected by the Governor in Council and represents the amounts which were not urgently required for the 1957-58 year, and therefore were not included. In

addition to the reductions effected by the Governor in Council, the last column includes five items for which increases are shown. Three of these items—item 785 on page 7, item 803 on page 22, and item 820 on page 35—represent differences between the estimated amounts included in the tabled estimates and the actual amounts reported in the accounts concerned on March 31 last. The other two increases are item 71, page 9, and item 508, page 61, which are the amounts of the two special warrants issued last August.

Hon. Mr. Macdonald: What was the number of the item on page 9?

Hon. Mr. Aseltine: When I mention page numbers I am referring to pages in the *Report on Supply,* not in the bill. The bill contains the total estimates for the whole year; the report is an explanation of those items.

Hon. Mr. Macdonald: But you referred to a number on page 9.

Hon. Mr. Aseltine: Number 71.

Hon. Mr. Burchill: What is the number of the original supply bill?

Hon. Mr. Aseltine: C-57.

Hon. Mr. Burchill: That is the bill we received today. But what is the number of the one you are referring to?

Hon. Mr. Aseltine: This is not a bill; this is the *Report on Supply,* which was distributed some time ago to honourable senators.

Hon. Mr. Burchill: We have not that here today.

Hon. Mr. Aseltine: Then it is in your office.

I will try to give honourable senators a brief explanation of the bill. My references have been to the *Report on Supply*, not to the bill itself, but I notice that honourable senators have been looking at the bill and therefore they may not have understood some of my remarks. I will do my best to answer any questions on this matter.

Hon. W. Ross Macdonald: Honourable senators, this afternoon we are dealing with history. All moneys referred to in the bill before us have already been spent; they were disbursed during the fiscal year which commenced April 1, 1957 and terminated on March 31, 1958. Honourable senators will recall that Parliament met on October 14, 1957 and was dissolved at the end of January this year, and at that time supply had not been provided. The election came along, and the Government spent the money shown here, some $657 million. Now the Government comes along and wants us to approve the expenditure. Well, if we don't approve it, what happens? If we do approve it, what happens? Nothing, in any event.

I suppose that by this method, the Government is accounting to Parliament for its past actions, but it is asking quite a lot to require us to approve everything that has been done. Here we are in the dying days of this session. This supply was not considered in the House of Commons. As a matter of fact it is quite different from the supply bill which, we hope, will be before us within the next few days. The supply to be voted in that bill has been under consideration in the other house since it met in May of this year, and we are, or should be, familiar with the items. But what do we know about the contents of Bill C-57? It is true that the Government has issued a booklet entitled *Report on Supply for the fiscal year ended March 31, 1958.* This report came to my desk, I believe, in the early part of last week. There has been very little opportunity, of course, to study it. Even if we did study it we would get only the information that is contained in the booklet itself. That is quite different from what will be contained in the supply bill that will come to us within the next two or three days. Those estimates were laid on the Table of this house months ago and we have been able to study them, and we have also been able to follow what has taken place in the House of Commons. So we have some knowledge of what those estimates contain and what the supply bill will contain. However, we know very little concerning the bill now before us and, frankly, I am in a quandary to know what to do about it. Certainly if the bill carries in this house it will be on division. I do not want it to be said that I for one approve everything that is being done. I certainly do not approve of the method taken by the Government.

This is not to be taken as an instance of sour grapes, but I don't think it was necessary to call an election for March 31. The results probably would have been the same if the election had been called for, say, May 31, and Parliament could have sat during February and March and given consideration to the estimates and the supply bill. We would have known then what we were voting for, but all we know now is that the Government spent this huge sum of money in February and March by Governor General's warrants and now hands us this statement of expenditures and asks us to approve them. In my opinion this is not the way to carry on the business of this country. Some honourable senators may point out that there was an election in 1940, at which time Governor General's warrants were issued, but I would remind the house that on that occasion supply

had been granted for the fiscal year 1939-40. Any Governor General's warrants issued were isued only between the date of the election and the date when Parliament reassembled. I doubt if there is another instance—

Hon. Mr. Aseltine: Is the honourable Leader of the Opposition referring to the election of 1939, when we sat only one day?

Hon. Mr. Lambert: The election of 1940.

Hon. Mr. Macdonald: The election was not held in 1939, but in 1940. That is the election to which I am referring, and I say there were no Governor General's warrants issued during the election period. It was necessary to have an election that winter, because we were at war and hostilities had not reached the intensity they were expected to reach within a few months. Throughout the country at that time there was a great demand for an election, but this year there was no such demand and we should have passed these estimates before an election was called. However, that was not done and now this statement is given to us and we are asked to approve of these expenditures. I must say I cannot approve of them and if the bill does pass it will pass on division.

Hon. Mr. Brunt: Question!

Hon. Mr. Aseltine: Question!

Motion agreed to and bill read second time, on division.

THIRD READING

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

Hon. Mr. Aseltine: I move that it be read the third time now.

Motion agreed to and bill read third time and passed, on division.

ESTATE TAX BILL

COMMONS DISAGREEMENT WITH SENATE AMENDMENT

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons, returning Bill C-37, respecting the taxation of estates:

Resolved: That a message be sent to the Senate to acquaint Their Honours that this house agrees to the amendments made by the Senate to Bill No. C-37, An Act respecting the Taxation of Estates, with the exception of the fourth amendment, to which this house disagrees for the following reasons:

1. It creates discrimination in favour of a particular class of property.

2. The amendment is unworkable.

3. The amendment will reduce Government revenues, and will particularly tend to reduce revenues from estates of larger value.

CONSIDERATION NEXT SITTING

The Hon. the Speaker: Honourable senators, when shall this message be taken into consideration?

Hon. Mr. Macdonald: Next sitting.

The Hon. the Speaker: Honourable senators, it has been moved by the Honourable Senator Aseltine, seconded by—

Hon. Mr. Aseltine: I did not move it. The honourable Leader of the Opposition (Hon. Mr. Macdonald) moved it.

The Hon. the Speaker: Is there a seconder?

Hon. Mr. Macdonald: The Honourable Mr. Hugessen will second the motion.

The Hon. the Speaker: Honourable senators, it has been moved by the Honourable Senator Macdonald, seconded by the Honourable Senator Hugessen, that this message be taken into consideration at the next sitting of the Senate. Is it your pleasure to adopt the motion?

Hon. Senators: Carried.

Motion agreed to.

BROADCASTING BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill C-55.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (C-55) intituled: "An Act respecting Broadcasting", report as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill.

On motion of Hon. Mr. Hugessen, report adopted.

CAMPOBELLO-LUBEC BRIDGE BILL

THIRD READING

Hon. John J. MacDonald moved the third reading of Bill C-56, to authorize the construction of a bridge across Lubec Channel between the Province of New Brunswick and the State of Maine.

Motion agreed to and bill read third time and passed.

JUDGES BILL

THIRD READING

Hon. William R. Brunt moved the third reading of Bill C-59, to amend the Judges Act.

He said: Honourable senators, yesterday the Leader of the Opposition (Hon. Mr. Macdonald) asked me to make a further statement today on the third reading of this bill. I would refer honourable senators to page 4220 of *Hansard* of the other place, where there is set out a statement by the Minister of Justice—

Hon. Mr. Macdonald: I would rather hear the explanation from the sponsor of the bill in this house (Hon. Mr. Brunt). I have the privilege and the right at all times to read *Hansard* of the other place, but I make it a practice not to refer to it in this house. As I say, I would prefer to hear the explanation of the bill from its sponsor in this house.

Hon. Mr. Connolly (Ottawa West): He will give it much better.

Hon. Mr. Macdonald: Yes, much better.

Hon. Mr. Brunt: I would prefer to adopt the remarks of the Minister of Justice in the other place. I do not intend to enlarge on them in any way, because I do not think the matter is definitely settled at the present time. There is this explanation given by the Minister of Justice—

The Hon. the Speaker: The Honourable Leader of the Opposition (Hon. Mr. Macdonald) has made an objection, and I think it is well founded. In this house we are not supposed to refer to the debates of the other house. The honourable senator will therefore proceed to give his own explanation to the Senate.

Hon. Mr. Brunt: Honourable senators, the explanation relates only to the six County Court judges for Ontario. No explanation is required in regard to the two judges of the High Court Division of the Supreme Court of Ontario or the one judge of the Court of Appeal for New Brunswick.

The six County Court judges whom this bill allows to be appointed in Ontario are being appointed for the purpose of assisting in the trying of cases in the province. When the Ontario Legislature passed its act it did so in order that six judges could be appointed to try cases in any county in the province. The Minister of Justice felt that they should be designated for specific counties, even though they might have jurisdiction throughout Ontario. In the past certain conferences have taken place between the Minister of Justice and the Attorney General of Ontario in order to iron out this difficulty. All I can say to the house at the present time is that a final decision has not been made, and that conferences will be held at a future time between the Attorney General of Ontario and the Minister of Justice in the hope that the small difficulty which now exists can be ironed out.

Hon. Mr. Macdonald: I must compliment the honourable senator. I read what took place in the other house, but his explanation is much clearer.

Hon. Mr. Brunt: I don't think so.

Hon. Mr. Hugessen: May I ask a question of my friend? If as a result of a conference it is decided that these judges should be nominated for special areas in Ontario, will this involve an amendment to the present bill?

Hon. Mr. Brunt: No, it will not involve any amendment to the present bill.

Hon. Mr. Hugessen: Why not? What sanction then will the Minister of Justice have for saying that one of these judges must be appointed for a specific area, if that is not provided in the bill?

Hon. Mr. Brunt: All the bill does is allow the appointment of six extra judges, and I do not think the bill can go further than that. The setting up of the courts is a provincial matter, is it not?

Hon. Mr. Hugessen: In that case, what right has the Minister of Justice to say where these judges shall sit?

Hon. Mr. Aseltine: I know in my province judges have always been allocated to a certain judicial district, nevertheless they are free to serve throughout the province.

Hon. Mr. Hugessen: That is done by provincial authority, is it not?

Hon. Mr. Brunt: No. In the past when the Minister of Justice named a judge, whether a District or County Court judge, it has always been the practice to designate the particular district or county in which he was to preside. However, I do not think there is anything hard and fast about that rule. I think the minister has the right to designate a judge to have jurisdiction throughout Ontario, if that is what the provincial authorities desire.

Hon. Mr. Macdonald: The Ontario Legislature at its last session did amend the County Courts Act to set out certain districts in which the judges would have jurisdiction. I was not sure if the act had been proclaimed, but the sponsor of the bill informed me yesterday that it had. If I recall correctly what took place in the other house—I am not quoting—I am under the impression that the Minister of Justice is not certain at present that he can make the appointments which have been requested. However, it is a matter for the Province of Ontario and

the Department of Justice to allot these judges where they are most needed. As I said last evening, I have confidence both in the Ontario Attorney General's department and the Department of Justice here, and I am sure the matter will work out satisfactorily.

Motion agreed to and bill read third time and passed.

RAILWAY BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill C-52, to amend the Railway Act.

He said: Honourable senators, I would like to give a brief explanation of this measure. It has mainly to do with section 265 of the Railway Act, which section was brought into force as far back as 1909 as an amendment to that act whereby Parliament set up a Railway Grade Crossing Fund which supplied not more than 20 per cent of the cost of any one railway grade crossing, the maximum amount being $5,000. This section, honourable senators, has been amended many times since: in 1914, 1919, 1926, 1928, 1929, 1938, 1947, 1950 and 1951, and perhaps at some other times of which I have no record. Every time an amendment was made to this section it was for the purpose of increasing the grant for any one grade crossing and also increasing the annual grants made by Parliament to this fund.

No doubt the reason for these additional grants was the increasing number of automobiles, trucks and other types of motor vehicles in circulation, and of highway accidents, particularly at railway grade crossings, which were going up by leaps and bounds. An effort has been made during all those years to make railway crossings safer, and that is why this money has been voted. From 1909 until December 31, 1957, there was paid out of the fund almost $20 million.

By this bill subsection 5 of section 265 of the Railway Act as amended is repealed and a new subsection substituted therefor. The new subsection provides that there shall be credited to the Railway Grade Crossing Fund in each fiscal year the sum of $5 million. The former amount credited annually to this fund was $5 million. This bill provides for a credit of $5 million in each fiscal year, regardless of the balance remaining in the fund. That is the main amendment.

There are certain minor amendments. The first permits grants to be made from the fund toward the cost of placing reflective markings on the sides of railway cars, the purpose being that if a railway car is passing over a crossing in the evening or at night these reflectors will indicate to the traveller on the highway that there is danger ahead and that he should stop his vehicle. That is the amendment proposed to subsection 1 of section 265.

The next amendment specifies the maximum contributions to be made to assist the railway companies with respect to the marking of sides of railway cars.

The third amendment provides for the marking of sign boards at level crossings with reflective material.

Honourable senators, that is a brief explanation of all the amendments in the bill. I have information going away back and giving a history of what happened ever since 1909 up to the present time, but I think my explanation of the bill and its purpose is sufficient on second reading.

Hon. W. Ross Macdonald: Honourable senators, I am sure we are all anxious to pass any legislation within reason which we think will add to safety and help to protect the lives of those who are travelling on our highways, and I take it that that is the purpose of this bill.

The honourable Leader of the Government (Hon. Mr. Aseltine) said that the main amendment in the bill is to section 265 of the Railway Act. If the number of words in the clauses and subclauses of the bill are any indication of importance one would judge that the bill has mainly to do with reflective markings.

Hon. Mr. Aseltine: I was referring to the amending section that will result in the largest cost.

Hon. Mr. Macdonald: That may be right, but I would point out that the placing of reflective markers on box cars costs $15 per car and it is estimated that there are 198,100 box cars in operation in Canada, so the placing of these reflective markings on the box cars will cost $2,971,500. Under the provisions of this bill the Government will pay 80 per cent of that cost during the next three years and the railway will pay the balance, namely, 20 per cent.

Hon. Mr. Hugessen: That is 60 per cent.

Hon. Mr. Macdonald: Sixty per cent under the bill, but if the honourable senator will notice under subclause (4), paragraph 2(a), there is a special provision for the next three years to pay out of the fund 80 per cent of the cost.

I must say that the bill is quite confusing. You read the first page of the bill and you continue reading down to the middle of the second page, and then you find that there are special provisions and what you have previously read will apply three years hence. But for the next three years the provisions of the bill are as set forth on page 2.

Hon. Mr. Brunt: It is like putting pensions in the Estate Tax Bill and then taking them out.

Hon. Mr. Macdonald: They have not been taken out.

Hon. Mr. Brunt: Yes, pensions for war veterans have to be put in the bill and then taken out. The honourable senator from Gulf (Hon. Mr. Power) was complaining of that.

Hon. Mr. Macdonald: I do not think that is a good comparison. There you are dealing with hundreds of dollars whereas here we are dealing with millions.

There is one provision in the act which the Leader of the Government did not mention, namely, that if at the beginning of any fiscal year more than $2 million is in the fund and not allotted, the annual credit of $5 million must be reduced by the amount by which the surplus in the fund exceeds $2 million. But the bill provides in subclause 3, paragraph 5, that an uncommitted balance in excess of $2 million will not be a bar to the granting of $5 million annually to the fund. So in future there can be $7 million or more in the fund when the grant of $5 million is made.

Hon. Mr. Aseltine: I think perhaps the honourable Leader of the Opposition is wrong in the conclusion he comes to on that section. Let me read the explanatory note:

> The purpose of subclause (3) is to abolish the reduction of the annual credit by the amount of the uncommitted balance in excess of $2 million.

Is that the effect of what the honourable senator said?

Hon. Mr. Macdonald: That is what I meant to say. The fact that there is more than $2 million in the fund at the beginning of any fiscal year will not prevent the granting of $5 million to the fund that year.

To get back to the reflective markings, I think they will be very good as a warning to motorists. It frequently happens that freight cars are in a standing position across an intersection and it is very difficult for a motorist on the highway to see them. Many collisions have occurred in such circumstances. I observe the bill contains no provision for a similar marking of diesels or steam engines; the markings are to be placed only on freight cars. Why is that?

Hon. Mr. Aseltine: The bill says that reflective markings are to be placed on the side of railway cars. Would an engine not be a railway car?

Hon. Mr. Macdonald: No, an engine is not a car. As I say, I can find no provision in the bill for putting markings on diesels or steam engines. I think if it is necessary to have markings on a freight car it is equally necessary to have them on a diesel or steam engine, and I would like to know the reason why no provision is made for them.

Honourable senators, in closing I will say only that I note there is an increase in the amounts appropriated for level crossings and grade separations. I repeat what I said in my opening remarks, that anything we can do to protect the lives of those who travel on our highways, should be done, and the amount appropriated by this bill is not too much to bring about that end.

Hon. T. A. Crerar: Honourable senators, may I ask the honourable Leader of the Government where this bright idea of reflective markings originated? Have the railway companies asked for them or has the Board of Transport Commissioners recommended them? Where did the idea come from?

Hon. Mr. Aseltine: I have no answer to that question.

Hon. Mr. Crerar: Well, does the leader propose—

Hon. Mr. Aseltine: What difference would it make, if it is the purpose of this measure to cut the toll of lives taken by railway trains?

Hon. Mr. Crerar: A very excellent rejoinder by the honourable leader. But what evidence is there that the placing of these markings on railway cars will produce that effect? Has any study been made of it, or has it been tried anywhere else?

Hon. Mr. Aseltine: I know of several serious accidents in Saskatchewan, each of which happened when a train was stopped at a crossing on a through highway and a motorist came down the road, and because of the dimness of the colour or for some other reason, he did not see the train, and ran into it. Passengers have been killed and claims for damages have followed such accidents. They happen all too frequently.

Hon. Mr. Crerar: That does not answer the question I asked a moment ago, as to where the idea for marking the cars came from. Has any study been made of this matter or is there any experience anywhere to go on? Are we simply jumping to the conclusion that we must do something, and therefore are going to put markings on cars, even if it costs the treasury and the railway companies several million dollars a year to do so?

Hon. Mr. Aseltine: I will give the honourable senator that information on third reading tomorrow, if I can obtain it.

Hon. Mr. Crerar: Of course, honourable senators, that is better than no answer at all. But I doubt very much if this scheme will have any very great effect in lessening the number of accidents that take place. That is why I would expect that before the Government embarked on this legislation it would at any rate have conducted some kind of inquiry or have had some good reason to present to the house for the proposal. I am bound to say that the honourable leader, in his explanatory remarks on the bill, gave us no clue whatever on that particular point.

It is well known that these deplorable accidents take place. Quite a number of years ago there was attached to a train on which I was travelling to Winnipeg a special car carrying the Board of Transport Commissioners on their way to western Canada. I knew these gentlemen, and they kindly asked me into their car and provided me with a meal, to which I did not object. We got into a discussion of railway problems, and the question of accidents and the remarkable manner in which they occur came up. I was told on that occasion—and my recollection of it is very vivid—that accidents frequently happen in broad daylight, that when the sunshine of heaven is bathing the earth a motorist will come along to a railway crossing and drive right into a train. Now, that motorist is not blind. What is the explanation for such an accident? What is the explanation for the multitude of motor accidents we now have? We have advanced, and in doing so have brought forth all sorts of suggestions as to how these deplorable accidents may be avoided; but in this instance I am bound to say that in my judgment this measure—I have had only a moment or two to consider it—will not prove very effective in fulfilling its purpose. Nevertheless, I do think we should know whether or not there has been a study back of this recommendation. What is the genesis of this idea? Is it simply that some person, somewhere, thinks he has an idea which may work, and the spending of a few million dollars does not amount to very much? I do not approve that method of procedure, and I hope very much that on third reading, or in committee—if this bill goes to committee—some further light will be thrown on the point I have just put forward.

Hon. A. K. Hugessen: Honourable senators, I agree with the honourable senator from Churchill (Hon. Mr. Crerar) that it would be interesting, when the bill comes up for third reading, to have some information as to the genesis of this idea, but I cannot concur in his suggestion that the idea will not be of any great use. It seems to me that there has been a good deal of experience of modern road construction and road signs which leads to the conclusion that at night time a flashing light of some kind, appearing in front of the motorist, causes him to realize that there is something ahead of him of which he must take heed. I assume that these reflective markings on the sides of railway cars will perform a purpose somewhat similar to that which is served by luminous fences at abrupt turnings which the motorist picks out before he gets there. This may be a valuable way of reducing the number of fatalities through accidents at railway grade crossings although of course we must agree with the honourable senator from Churchill that there is the odd fool who will run into anything at any time of day and under any conditions whatever. For him we cannot legislate nor hope to legislate.

With regard to the question raised by my honourable leader (Hon. Mr. Macdonald) as to why protective markings should not be applied to the sides of diesels or steam locomotives, of course there is a great deal more to attract the attention of an approaching motorist when he is confronted with a diesel engine or a steam engine. In the case of a steam engine there is steam, in the case of both engines there is a good deal of noise and probably a certain amount of motion. The real danger, it seems to me, arises where there is a stationary freight car over a crossing—a freight car which, perhaps, has not been repainted for many years and therefore, on a dark night, is pretty nearly impossible for the approaching motorist to see. But it seems to me that a diesel engine or a steam engine is something which normally the motorist can quite easily pick up with his headlights.

One point which occurs to me is that if reflective marks are to be placed on all freight cars, all the work should be done pretty much at the same time; and that is the reason why provision is made in the bill for an increased contribution by the Government in the first three years. It would be very dangerous to have some cars bearing these reflective marks and others without them, because in that event a motorist would never know when he came to a railway intersection whether he would be warned of the presence of a freight car or whether he would not. So, if this work is to be done, let it be done as quickly as possible, so that, for the future, the motorist using a highway at a level crossing will know that he is protected and will be on the lookout and recognize these flashing reflective markings on freight cars when he approaches the level crossing.

Hon. Mr. Brunt: The honourable senator from Inkerman (Hon. Mr. Hugessen) realizes, of course, that this provision does not apply

to foreign freight cars. We would be running into a difficulty if there were 10 or 12 foreign freight cars in line in a train. They would not be marked.

Hon. Mr. Hugessen: That raises another question: is any similar project in contemplation in the United States? It is really only the United States with which we have to deal in respect of freight cars.

Hon. Mr. Aseltine: That is so.

Hon. Mr. Hugessen: Is this matter under consideration by the federal railway commission, or whatever United States body deals with these matters?

Hon. Mr. Aseltine: We will find that out.

Hon. Mr. Hugessen: Conceivably it might be better not to deal with this as a practical matter in this country until we are sure that concurrent action is to be taken in the United States. Otherwise, as I have pointed out, there is the danger that some cars will have these markings and some will not.

Motion agreed to and bill read the second time.

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

Hon. Mr. Aseltine: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, September 3, 1958

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

Prayers.

HON. MR. ASELTINE

BIRTHDAY FELICITATIONS

Hon. W. Ross Macdonald: Honourable senators, before coming into the house this afternoon I glanced through the *Canadian Parliamentary Guide* and noticed that the Leader of the Government (Hon. Mr. Aseltine) is today celebrating a birthday. I am sure I speak for all honourable senators when I wish him many happy returns of this day, with best wishes for his continued good health and happiness.

Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Honourable senators, I sincerely thank my friend the honourable Leader of the Opposition (Hon. Mr. Macdonald) for his very kind remarks, and particularly because he has remembered this very important occasion in my life. I regret that all of us continually get a little older all the time, but I hope and trust that as we get older we will gain in wisdom. Again, I thank the honourable Leader of the Opposition, and my associates and colleagues in the Senate, for their very kind remarks on this occasion.

CO-OPERATIVE MOVEMENT

ATTITUDE OF GROUP OF CHARTERED BANKS

Hon. Cyrille Vaillancourt: Honourable senators, I wish to speak on a question of privilege.

I draw the attention of the Leader of the Government (Hon. Mr. Aseltine) to the fact that a group of chartered banks are actually trying not only to stop, but to destroy, if possible, the Canadian Co-operative Movement. To that effect, some banks have decided to impose onerous conditions upon *caisses populaires* and credit unions and have cancelled all agreements which have been existing for several years between these societies and the banks in general.

I am therefore wondering if there should not be an inquiry by the Department of Justice to find out if the Bankers' Association is not violating the Combines Act.

In the act incorporating the Bankers' Association there was formerly a section requiring the approval of the Treasury Board for all clearing agreements. If the said regulation is still in force I hope that the Treasury Board will intervene to give justice to the popular classes.

The motto of the Co-operative Movement is not "Struggle for life" but "Union for life".

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following documents:

Copy of Order in Council P.C. 1958-540, dated April 11, 1958, approving the Capital Budget of the Canadian Farm Loan Board, pursuant to section 80(2) of the Financial Administration Act, Chapter 116, R.S. (English text).

The *Canada Gazette*, Part II, Statutory Orders and Regulations, 1958, of Wednesday, August 27, 1958, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. (English and French texts).

BROADCASTING BILL

COMMITTEE MEETING

On the Order for reports of committees:

Hon. A. K. Hugessen: On this order, honourable senators, though I am not presenting a report of the committee I wish to make a statement with regard to the Standing Committee on Transport and Communications. Those members who were present at the committee meeting this morning will recall that we adjourned until 10 o'clock tomorrow morning, and that the only matter outstanding in our consideration of the Broadcasting Bill was an amendment to one section on which it was suggested that the minister concerned might be consulted.

I am now informed that the minister is in agreement in principle with the amendment suggested, and, accordingly, it seems that we shall have very little to do to finish our consideration of the bill; therefore, it is suggested that the committee meet this afternoon as soon as the Senate adjourns. Perhaps honourable senators would ignore the notice they have on their desks of the meeting for tomorrow morning and agree to the meeting being held upon the adjournment of the house this afternoon.

Hon. Senators: Agreed.

SOUTH SASKATCHEWAN RIVER PROJECT

FEDERAL-PROVINCIAL AGREEMENT—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee respecting the South Saskatchewan River Project.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, pursuant to the order of reference of September 1, 1958, have considered the agreement between the Government of Canada and the Government of Saskatchewan respecting the South Saskatchewan River Project, made July 25, 1958.

Your committee recommend the said agreement to the favourable consideration of the Senate.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Hayden: Now. I move that the report be adopted.

Motion agreed to.

FEDERAL-PROVINCIAL AGREEMENT APPROVED

Hon. W. M. Aseltine: Honourable senators, on Monday evening last the honourable Leader of the Opposition (Hon. Mr. Macdonald) moved adjournment of the debate on my motion for approval of this agreement between the Government of Canada and the Government of Saskatchewan, and the order for resuming the debate is No. 3 on the Orders of the Day. I would suggest, with the concurrence of the Senate, that this Order be proceeded with now and that when we have disposed of it we revert to the earlier orders of business.

Hon. Senators: Agreed.

The Senate resumed from Monday, September 1, the adjourned debate on the motion of Hon. Mr. Aseltine:

Resolved, That it is expedient that the Houses of Parliament approve the agreement between the Government of Canada and the Government of Saskatchewan respecting the South Saskatchewan River Project, signed on the 25th day of July, 1958, and that this house do approve the same.

Hon. W. Ross Macdonald: Honourable senators, last evening the Committee on Banking and Commerce considered this agreement. Present at the meeting was the Minister of Agriculture. I am sorry that the evidence was not taken down by shorthand. I do not know the reason, because I arrived a little late; however it was not done, so that is an end of it. Much valuable information was given to the committee, information which could not have been obtained in this house, either while in session as we are now or sitting as a Committee of the Whole. The committee discussed the agreement, not clause by clause, but fully, and I must say that the minister was very forthright in his replies. He did not hesitate to answer any question which was asked of him, and I felt it was his desire that the committee should have all the details in connection with the agreement. I think it was an excellent move to have sent the agreement to committee, where it could be studied, as it was.

I have very little to say about the agreement. It was entered into by the Dominion Government and the Province of Saskatchewan. Many of us have considerable misgivings as to the advisability of doing all this work at a vast and unknown expense; I say "unknown" because we have no definite figures. Various estimates have been made. For instance, in 1952 it was estimated in the Hogg report that for only the main reservoir and dam $129 million would be required. In 1957 the Department of Defence Construction set a figure of $125 million; and in 1953 a private corporation made an estimate of $88 million. Last night in committee we were advised by the minister that the P.F.R.A. administration compiled the figures on which the Government is now working. Someone asked what qualifications the P.F.R.A. administration had for making an estimate, and the minister replied that this is the only organization which has built a dam of the type proposed, so I suppose we can accept the figures for which it is responsible. The P.F.R.A. estimate is: for the dam and the reservoir, $96 million; for the power plant, between $24 million and $41 million—quite a wide spread; for irrigation works, from $35 million to $45 million; and for engineering costs, $7.5 million. If we accept the lesser figures I have mentioned in connection with the power plant and the irrigation works, the total sum amounts to $162.5 million.

Honourable senators, I was not at all convinced that this would be the final cost. I don't think other honourable senators were either. I am not sure the minister himself is satisfied that the final cost might not be a considerable number of millions of dollars beyond this figure. We asked the minister what crops are likely to be raised on this irrigated land. He gave us figures as to the cost per acre of the land to be irrigated, depending on the level of the land in relation to the dam, and apparently in some instances the cost will be quite high. I am not going to go into this at the present time.

The minister also told us, as we heard in the house Monday night, that if there is a failure in the structure of the reservoir which is attributable to faulty design or construction, as a result of which damage is caused in the magnitude of a disaster, the federal Government will indemnify the province in respect to all claims by third parties.

As I said a moment ago, we asked the minister about the crops that might be grown in this area, and if I remember correctly he predicted that sugar beets and sunflowers could be grown. In addition I suppose there would be vegetables and some coarse grains.

Hon. Mr. Aseltine: And fodder crops.

Hon. Mr. Macdonald: Yes. Certainly it is not intended to use this irrigated land for the growing of wheat, so we are spending all this money to construct the dam, although the final results from an agricultural point of view are most uncertain. I do agree that considerable hydro-electric power will be generated, which will be helpful to the district; but, generally speaking, this is a provincial matter. It is true that the Government has given some assistance to the province of New Brunswick in this respect, but we have always considered the generating of hydro-electric power to be a matter within provincial jurisdiction.

Hon. Mr. Dupuis: Could the honourable Leader of the Opposition (Hon. Mr. Macdonald) inform us as to the number of acres that will be covered by water when the dam has been constructed?

Hon. Mr. Macdonald: I have not got those figures, but I believe the minister gave them last night.

Hon. Mr. Aseltine: I gave them in my speech here on Monday.

Hon. Mr. Macdonald: I understand that when the dam is built it will provide irrigation for 500,000 acres and that some 50,000 farms will benefit from it. It is a major project and perhaps in 10 years' time we shall know whether or not it has been worth while. The agreement has been entered into and I feel that it should be approved by this house, especially in view of the fact that no one seems to be strongly opposed to it. I notice from reading the reports of the proceedings of the other house that every member there voted for the agreement, and I would recommend that it receive the favourable consideration of this house.

Hon. R. B. Horner: Honourable senators, I wish to say a few words on this occasion. Saskatchewan has been asking for this project for a great number of years. I would point out to honourable senators who have been spending the summer in Ottawa that the rainfall in the month of July in the Ottawa Valley was some nine inches, and in August it was some five inches. By contrast, in a great part of the province of Saskatchewan we are delighted with a rainfall of six inches from seed-time to harvest, that is, during the months of April, May, June, July and August.

With regard to the dam under discussion, I do not intend to argue about the cost, for many projects nowadays exceed their anticipated cost. Saskatchewan was threatened with a great drought this year, but the catastrophe was overcome by one good rain. However, that is not the big question to be dealt with now. The great problem facing us is the shipping of feed long distances. In the average year the province of Saskatchewan is ideal for the raising of livestock, but dry periods do occur when there is not sufficient fodder. Entire herds of cattle, which perhaps have been raised at great expense, have had to be dispersed for lack of feed.

The honourable Leader of the Opposition (Hon. Mr. Macdonald) asked what crops could be grown in Saskatchewan. Certainly I would not suggest that wheat is one of the grains that will survive best under dry farming conditions. I am told that in Alberta and Manitoba there is probably sufficient acreage irrigated to grow sugar beets for the production of enough sugar to supply all that Canada requires. A crop which can be grown successfully, and one that would give a great measure of security to the farmers of Saskatchewan, is alfalfa. As many honourable senators know, for the successful growing of alfalfa you must have water. From my experience in Blaine Lake, if one crop is grown in a dry season it is a failure, but with irrigation you are almost certain to cut two heavy crops a year.

I understand that the construction of this dam will make it possible to irrigate some 600,000 acres in an oasis of the province, which would relieve the recurring dry years. We have had dry years over the fifty years I have been in that province, when feed had to be shipped from Montreal and other distant places and there was great hardship. Therefore, on the whole, I think that although the expense of constructing the dam may seem high, it will be very much worth while. In my opinion it will be a red-letter day for Saskatchewan when the dam is finally completed and provides the means of irrigating a large number of acres for the growing of feed in the event of an emergency.

Honourable senators, I have much pleasure in supporting the resolution.

Hon. T. A. Crerar: Honourable senators, notwithstanding the blessing, or the qualified blessing, given to this resolution by my leader (Hon. Mr. Macdonald), I wish to enter an objection and a protest to this proposal. If over the last 25 years any one subject in Saskatchewan has been a political football, kicked hither and thither across the political field, it is this South Saskatchewan River Project.

Hon. Mr. Horner: Who kicked it?

Hon. Mr. Crerar: Our colleague from Blaine Lake (Hon. Mr. Horner) stated a moment ago that this would be a measure to give security to the province of Saskatchewan. Well, Saskatchewan is a very large province, one of the largest in the dominion; it extends

from the international boundary several hundred miles north before you reach the point on the Saskatchewan River where this famous dam is to be constructed. The plain fact of the matter is, on all the evidence available, that from an irrigation point of view all that would be benefited or that can be benefited from this huge expenditure of money is 500,000 acres.

Hon. Mr. Horner: No.

Hon. Mr. Crerar: The honourable senator from Blaine Lake gave a figure of 600,000 acres.

Hon. Mr. Horner: That is the least number of acres.

Hon. Mr. Crerar: Well my difficulty is this, that the conflicting statements with regard to this project have almost reduced me to complete confusion.

In the speech he made when moving adoption of the resolution the honourable Leader of the Government (Hon. Mr. Aseltine) stated, on behalf of the Government, that 500,000 acres would benefit. At the committee meeting last evening the minister made the same statement. The point I am making, and with which I am sure my honourable friend from Blaine Lake will, upon reflection, agree, is that a proposal to put water on 500,000 acres can be of no value to probably 30 million additional acres that are farmed in Saskatchewan.

Honourable senators, I have another complaint to make against this proposal. Information which this house should have in order to render an intelligent judgment is almost wholly lacking. Take the item of cost. In 1952, that is six years ago, the Liberal Government of that day, I think quite wisely, tried to get a full study of this proposal and recommendations as to what should be done about it. The Royal Commission that carried on that inquiry was comprised of distinguished men. Its chairman was the late Dr. Thomas Hogg, who for many years was chief consulting engineer of the Hydro-Electric Power Commission of Ontario. Another member, eminently qualified in this kind of development, was Mr. Gaherty, of the Calgary Power Company. The third member, a distinguished gentleman from the state of Utah, where irrigation had been practised very widely, was familiar with irrigation work and what could be got from it. Well, these gentlemen considered the matter. They got detailed estimates of cost and they presented a voluminous report, which rejected the practicability of building this dam.

Hon. Mr. Horner: There was not one person from Saskatchewan among the names that you mentioned.

Hon. Mr. Crerar: If that statement of the honourable senator from Blaine Lake means anything at all, the only implication is that the commission should have been a loaded commission. The Government of the day did the right thing in retaining outside men to make the inquiry.

As I say, that commission recommended against building the dam. At least, that is my recollection, and if I am wrong I hope that someone on the opposite side, perhaps the honourable senator from Hanover (Hon. Mr. Brunt) who, I understand, is a great champion of this proposal—

Hon. Mr. Brunt: Why put me on the spot?

Hon. Mr. Crerar: —will correct me. Also my recollection is that in 1952 the commission's estimate of the total cost was about $246 million.

There have been various other estimates of cost. The Prairie Farm Rehabilitation Act administration has made an estimate of cost of this proposal. Out of all these conflicting estimates the Leader of the Government, my good friend the honourable senator from Rosetown (Hon. Mr. Aseltine), told the house on Monday, when I was not here because I had not then returned to Ottawa, that it was estimated the total cost would be $185 million, that is for the construction of the dam, the building of the power plant and the purposes of irrigation, and he was good enough, and quite properly so, to give the house an analysis, or what is termed a breakdown, of that estimate, as follows: $96 million for the dam and reservoir; $20 million for power development; $79 million for irrigation. That was the statement given to us by the honourable Leader of the Government on Monday. Well, what did we find last night?

Hon. Mr. Aseltine: Those figures were furnished me, not by the Government, but by an association formed in Saskatchewan which has been working for some years on this project.

Hon. Mr. Crerar: Well, my honourable friend did not say that, because the information that I have just quoted from his statement was in response to a question from the honourable leader on this side of the house (Hon. Mr. Macdonald).

Now we find that the dam is going to cost $96 million. That is what we were told last night. The power development was a little bit more indefinite. While the honourable Leader of the Government in the Senate gave $20 million as the estimated cost of power

development, the estimate given the committee last night ranged from $24 million to $41 million.

The irrigation part of the development was estimated by the minister to cost from $35 million to $45 million. That is just about one-half of the cost as estimated by the honourable Leader of the Government in response to a question from the leader on this side of the house.

Now, honourable senators, how in the world are we to make head or tail of a proposal of this kind? It is beyond me. When the Government comes to Parliament with a proposal that this country should commit itself to an expenditure of at least $80 million—I believe it was 80 per cent of cost of the dam—shouldn't we have more definite information? I cannot understand it. The plain fact of the matter is that this proposal has been so mixed up in the cloudy atmosphere of politics—and emotion also, let me add—that it is impossible for this house to have the clear definite information it should possess before we give our approval to this resolution.

One other thing may be said. In recent days we have had quite an interesting illustration of an inquiry in the other house as to the cost of the Printing Bureau on the other side of the Ottawa river. The original estimate, we are told, was $6 million, but the total amount that has been spent to date is over $16 million. It is worth reflecting that that was faulty estimating. There is no suggestion, at any rate so far as I have seen, that there has been any graft or similar impropriety in the spending of the money; but we had this estimate and now we find that the cost has been almost three times that amount. That is not an unfamiliar thing in Government administration. In fact, when the Honourable Charles Dunning was Minister of Finance, I heard him say on one occasion that whenever he got from a Government department an estimate of what something was going to cost he felt himself justified in adding anywhere from 10 per cent to 25 per cent to it. I certainly do not wish to enter the realm of prophecy at all, but it will be a surprise to me if this whole venture does not cost over $10 million to $20 million above the estimates we now have. If I do get such a surprise, it will be a pleasant one.

Now I put the question to the Senate: is that the manner in which we are to fling the taxpayers money around? I do not think it is. My honourable friend from Blaine Lake paints rosy pictures of what can be done in the production of feed. Well, if you use the 500,000 irrigated acres for the production of feed how are you going to produce sugar beets and other items of agricultural production? Even if the water can be distributed, I am as sure as that I am talking to this house today that the thing will prove to be disappointing.

If we take the statement given to the house by the Leader of the Government on Monday that the irrigation development is estimated to cost $80 million—

Hon. Mr. Aseltine: I arrived at that amount by subtracting the cost of the dam, reservoir and power development from the total estimate of $185 million, and I took it for granted that would be the cost of the irrigation.

Hon. Mr. Crerar: Well, I am not particularly interested in the mathematical calculation made by the honourable gentleman to arrive at that conclusion. But if it should be $80 million, or $79 million, I would point out to the house that that is a capital cost of $160 per acre on 500,000 acres that will supposedly benefit from this irrigation.

Hon. Mr. Aseltine: The federal Government is not paying any of that; that is all to be paid by the Province of Saskatchewan.

Hon. Mr. Crerar: Fine. I am glad my honourable friend reminded me of that, because it brought to my thinking at the moment a point which I might otherwise have overlooked. I am grateful to him.

Suppose the cost is half of that figure, say $40 million, that means a capital charge of $80 per acre against the land that will benefit from this expenditure. It is quite true, as the honourable leader has stated, that the Saskatchewan Government is going to bear the full cost of the irrigation project, and I believe a great part of the power development. But, if it costs even $40 million to carry through the irrigation part of the project, an interesting question arises as to where Saskatchewan is going to get the money. Would it not have been a proper question for the federal Government, when it is footing nearly all the cost of the dam, to say to its partner, "Show us the evidence under which you can finance your share of the proposition"?

Hon. Mr. Brunt: Does the honourable senator not think that the Province of Saskatchewan can raise $5 million a year? Since it will take eight years to build this dam, if the province raises $5 million a year for each of those eight years it will have $40 million.

Hon. Mr. Crerar: That is just the kind of Alice-in-Wonderland argument that I don't fall in with. Let me say this to my honourable friend: should there be a return of drought conditions—and it is not impossible in Saskatchewan, or in other parts of western Canada, or indeed in Eastern Canada—let him

then go and see where Saskatchewan is going to raise that money. I would suggest to him that he take a look at the financial position of Saskatchewan in the thirties, when we had the prolonged drought period.

Hon. Mr. Brunt: Would the honourable senator permit me to interrupt him?

Hon. Mr. Crerar: Of course.

Hon. Mr. Brunt: The honourable senator is theorizing on a drought in Saskatchewan. I reserve the right to theorize on the discovery of oil and gas there, and if it is found in quantities similar to those found in Alberta, there will be ample money in Saskatchewan.

Hon. Mr. Crerar: I am not going to carry on that dispute with my honourable friend. But may I ask him a question now, since he has been good enough to ask me one? Suppose the Province of Saskatchewan got into financial difficulty over its part of this arrangement and could not carry it through, and appeared on the doorstep of the Government at Ottawa and said: "We are through, we are done, we can't go farther; this will have to stop. Will you help us?" My question is, would he help Saskatchewan? I will let him answer.

Hon. Mr. Brunt: Do you want my personal opinion, or how the Government of the day would feel about it? Personally, I would help Saskatchewan, but I cannot speak for the Government of ten years hence.

Hon. Mr. Crerar: I was not asking my friend to speak for the Government ten years hence.

Hon. Mr. Macdonald: I should think not.

Hon. Mr. Crerar: The probability is that by that time he certainly will not be speaking for this Government.

The point is, this is the result of a half-baked consideration for a vast proposal.

Hon. Mr. Aseltine: This has been under consideration for 15 years.

Hon. Mr. Crerar: We will let it go at that; I have made my point.

Hon. Mr. Brunt: They said the same thing about the Hudson Bay Railway.

Hon. Mr. Crerar: I may not live to see the completion of the dam, but I am quite sure all honourable gentlemen immediately opposite me will.

To conclude, my criticism is that the proposition has not been thoroughly analyzed; we have not got the data before us that we should have when Parliament is being asked to vote close to $100 million with an open-end liability or obligation that no one can measure.

If when this dam is half built the Saskatchewan River comes down in one of its periodic bursts of flood, the dam goes out, and millions of dollars' damage is done further down river, will the Saskatchewan Government be responsible for that? No! As a matter of fact, I compliment my good friend the Premier of Saskatchewan on his ability to put over an excellent deal from the point of view of his province. The federal Government will have to bear the whole responsibility of any damage that may accrue—

Hon. Mr. Brunt: No.

Hon. Mr. Crerar: —from a faulty dam.

Hon. Mr. Brunt: From a faulty dam, but not from an act of God, which a flood would be.

Hon. Mr. Crerar: All right, I will take the honourable gentleman at his word. Suppose after you have spent $40 million or $50 million an act of God does occur and the dam goes out. What are you going to do then?

Hon. Mr. Brunt: Re-negotiate.

Hon. Mr. Crerar: Re-negotiate and build another dam.

Well, honourable senators, this is a serious matter, and I state most emphatically that this project has not had the study that it should have had. Had this question been brought up at the beginning of the session we could have referred the matter to a committee of the house and called experts before us to find out what their opinions were on the whole proposal. Then we could have reached our own conclusions. This agreement was signed on July 25. Why was it not submitted to Parliament six weeks ago?

Hon. Mr. Aseltine: I tabled it at your request, but you were not here.

Hon. Mr. Crerar: The good intentions of my honourable friend are no excuse. The Government should have given this agreement to Parliament at once. It should have presented then the resolution for ratification, and we could have had at least several weeks to inquire into the matter. But what happened? The Government introduced this resolution in the house on September 1; and on September 3, two days later, we are asked to approve the resolution—and to do so when we are almost wholly in the dark.

Honourable senators, I do not like that way of doing public business. I express the hope and trust that all the rosy expectations of the protagonists of this undertaking will be realized. But I am quite willing to stake what little reputation I have on the prediction that they will not be realized, and that this country will have to spend tens of millions of dollars on a project which may only lead into further difficulties between Saskatchewan and the federal Government.

Hon. Vincent Dupuis: Honourable senators, I will add only a few words on this subject. It may appear a little unusual that, as a member from the east, I should take part in this very important question, which mainly concerns our western friends, although any member of this house must have at heart the interests of the country at large.

I want to state that in some degree I share the views of the honourable senator from Churchill (Hon. Mr. Crerar). It will cost the country scores of millions of dollars to accomplish this problematical project. It is proposed merely by way of resolution; and it seems to me that under the circumstances this house should have had some opportunity to hear about it from those who are better informed on the subject than I am and, no doubt, than other members who are not familiar with Saskatchewan affairs.

One aspect of this matter strikes me very strongly, although I am not sure whether the sponsors of the project have had their attention called to it. It is that the western provinces possess riches which are even greater beneath the soil than those on the surface. Perhaps the subsoils of Saskatchewan and Alberta are the repositories of the greatest wealth this country possesses. It is only a few years since their exploitation began, and it is only beginning. In 1933, when I made a tour of the West, I had occasion to meet many businessmen who assured me that the day would come when these prairie lands would yield greater riches from below ground than through the growing of wheat and other grains, and farming generally. This may include, of course, the area which is to be flooded. The distinguished Leader of the Government (Hon. Mr. Aseltine), when he introduced the resolution before us, stated—I quote from *Hansard*, page 732—that:

> When this dam on the South Saskatchewan River is built it will form a lake 135 miles long and from one to two miles wide.

He also stated that it would cover many millions of acres. I have not the citation.

Hon. Mr. Aseltine: It is in the speech I made.

Hon. Mr. Dupuis: I quite agree; I saw it.

Hon. Mr. Aseltine: But you are wrong as to the total.

Hon. Mr. Dupuis: If this aspect of the question has been studied, I should like to be informed, as I believe other members of this chamber would, whether it will be a paying proposition as compared with the results of developing the underground resources, which, as has been discovered elsewhere in the province, include oil, gas and coal. I was told, by the way, that the city of Regina is built on a coal deposit, and it may be that beneath the coal are oil and gas. It is generally admitted that nature has provided a great part of the province of Saskatchewan with these resources. There is but little forest, except in the north. So we may conclude, without too much risk of error, that beneath the soil are mineral riches of all kinds; and when the citizens of Saskatchewan decide to exploit them it will not be to the advantage of those who are prepared to invest capital of for this purpose to have these riches covered by water to a depth of 180 to 200 feet. So I wanted to ask those who are better informed about this project than I am whether we are not right in contending that it is being pushed through too quickly and without permitting us to study it in all its aspects.

Hon. Mr. Aseltine: The area to be flooded is 116,000 acres.

Hon. Norman P. Lambert: Honourable senators, I should like to contribute, as briefly as possible, my point of view on the resolution. First, I want to say that I am absolutely opposed to this agreement, and if the resolution is passed it will, as far as I am concerned, be passed on division.

A very distinguished leader of this house stated on one occasion:

> Where there is a mandate for legislation which comes before the Senate; where such legislation was clearly discussed and placed on the platform of the successful party in an election, then only in most exceptional circumstances should there be any attempt or desire on the part of the Upper House to refuse to implement such legislation by its concurrence.
>
> It is enough to emphasize the fact that authority lies behind a popular mandate which the Senate never can ignore . . . and that only under very special circumstances should that chamber, even for purposes only of delay, fail to comply with an electoral judgment.
>
> Members of the Senate have to make up their minds to give every Government fair play and not to stand in the way of legislation unless they are convinced that it must be defeated on its merits, and that the consequences of failure to defeat it would be serious.

In the face of this competent judgment or opinion I submit that this Upper Chamber is in a position to consider the agreement on its merits and, as my honourable friend from Churchill (Hon. Mr. Crerar), with his vast and far-reaching experience in western Canada, is entitled to judge, the consequence of failure to defeat it will prove to be serious.

I had the privilege of spending many years in western Canada and I visited most of the country that will be affected by this dam. I have also witnessed the failure of irrigation schemes in certain parts of Alberta in which vast sums of money were invested by

the Canadian Pacific Railway. Those projects had to be abandoned because of the character of the country. The western half of the irrigation block in Alberta that was under the National Resources Department of the Canadian Pacific Railway Company had to be entirely abandoned because of the inability of the plan to work.

Hon. Mr. Horner: Was it not because there was too much alkali in the soil?

Hon. Mr. Lambert: The altitude, the contour of the land, and the quality of the soil were unsuited to irrigation of any kind. I don't know whether the great heart of Saskatchewan, as I call it, extends into the Goose Lake line near Rosetown, where my honourable friend (Hon. Mr. Aseltine) lives, but except for altitude I don't see very much difference between the rolling contour of the country that lies west of Outlook, along the course of the river, and the land further west in Alberta.

Hon. Mr. Horner: There is not the same amount of alkali in the soil in Saskatchewan. Incidentally, they now have a sprinkler system that will irrigate land which could not be irrigated by a flooding system.

Hon. Mr. Lambert: I understand what the P.F.R.A. has done by way of providing relief with respect to irrigation by surface excavation works, but I have seen as much alkali in that part of Saskatchewan as I have seen anywhere else. But that is not the main problem. The main problem is one of costs.

Hon. Mr. Aseltine: I believe the honourable senior senator from Ottawa (Hon. Mr. Lambert) was at the committee meeting last night and perhaps he saw the map that was on display. It showed that the parts to be irrigated are not west of Outlook. That is where the reservoir will be, but the parts to be irrigated are to the northwest and northeast.

Hon. Mr. Lambert: I saw the map quite clearly and I also read the report about the vast extent of water to be accumulated by this dam, and about the expense involved in creating the channels and canals to take the water down past the dam and into the areas the honourable leader (Hon. Mr. Aseltine) refers to. The leader himself has told the house that 75 per cent of this irrigated land would have to be irrigated by pumping, and it is hoped that 25 per cent will be irrigated by gravity.

Hon. Mr. Aseltine: There will be 180,000 acres irrigated by gravitation.

Hon. Mr. Lambert: If 180,000 acres are available for irrigation, and that is another question—

Hon. Mr. Aseltine: I should have said irrigate by gravity. This represents over one-third of the whole area.

Hon. Mr. Lambert: The minister last night pictured these 500,000 irrigated acres as being similar to the lush green irrigated areas to be found around Lethbridge. I think there is about as much likelihood of that as there is of flying to the moon. I don't think those two areas are comparable in any way. More than that, the idea of changing the character of farming in that area of Saskatchewan to one of mixed farming, truck farming and vegetable growing is just an hallucination of the worst kind.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Lambert: The supposition during the real estate boom in the West was that such creations as this would attract more people into the country and provide manufacturing industries and a market for mixed farming products. Well, I submit there has been no suggestion in the last fifteen or twenty years that Saskatchewan has any such prospect whatsoever. In visiting that province toward the end of the war years, in the interests of agricultural reconstruction, I had the pleasure of talking to a provincial deputy minister who told me the future of Saskatchewan would be enhanced by having a big percentage of its population reduced in order that there would not be so many people to live off of a country that was incapable of supporting it, that fewer people on the land and more machinery to do the work were the answer to Saskatchewan's problem.

Hon. Mr. Horner: He was a pessimist.

Hon. Mr. Lambert: That is exactly what has happened. The population of Saskatchewan was reduced by from 100,000 to 200,000 people during that period. If a great economic recovery is to result from this dam, then I should like to see some proof or evidence that this great influx of population will occur and that the prospect of a great home market will show some materialization. For that is the only economic basis on which this expenditure is being advocated.

Honourable senators, I simply wanted to state my opposition to this agreement in this way, because I think that $200 million is too much to invest at this time in a project that is as nebulous as any that any Government of this country has ever attempted.

Hon. W. M. Aseltine: Honourable senators—

The Hon. the Speaker: I would remind honourable senators that if the honourable Leader of the Government (Hon. Mr. Aseltine) speaks now his remarks will have the effect of closing the debate.

Hon. Mr. Aseltine: I do not intend to spend much time in answering those who have spoken against adoption of this agreement, but I do want to say that the matter of building a dam and reservoir in the South Saskatchewan River has been under discussion and intensive study during the last fifteen years and, as a matter of fact, for many years prior to that. I cannot see why honourable senators object at all to the Government of the Dominion of Canada assisting in this project. We contribute 40 million or $50 million a year to the Colombo Plan, for instance. Why not also raise money for developments in our own country? We built the Hudson Bay railway against all kinds of opposition, and now we find that the railway is a paying proposition.

Hon. Mr. Hugessen: Oh!

Hon. Mr. Aseltine: So I cannot follow at all my honourable friend from Churchill (Hon. Mr. Crerar) and others who have spoken against this measure. Moreover, during every election that I can think of for the past twenty years the matter of the building of this dam has been one of the planks in the platforms of the major parties. One of the main planks of the last election in the province of Saskatchewan was that of the construction of this dam, when not only the Conservative party agreed to assist Saskatchewan in the building of this project but every other party pledged itself to do the same thing. As I pointed out on Monday evening, the Right Honourable James G. Gardiner, writing in the last issue of the *Family Herald*, came out broadly and strongly in favour of this proposition. If honourable senators will read that article they will find that in his opinion, at least, the project would be a wonderful thing for Saskatchewan.

I have every hope that this chamber will adopt this motion standing in my name, and approve the construction of this project.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Aseltine, seconded by the Honourable Senator Brunt:

That it is expedient that the Houses of Parliament approve the agreement between the Government of Canada and the Government of Saskatchewan respecting the South Saskatchewan River Project, signed on the 25th day of July, 1958, and that this house do approve the same.

Is it your pleasure to adopt the motion?

Hon. Mr. Hayden: On division.

Some Hon. Senators: On division.

Motion agreed to, on division.

RAILWAY BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-52, to amend the Railway Act.

He said: Honourable senators, certain questions were put to me yesterday by the honourable senator from Churchill (Hon. Mr. Crerar) and I told this honourable chamber that I would endeavour to answer those questions today on the motion for the third reading of the bill.

I find that the amendments dealing with the question of reflectorized paint on railway cars were recommended to the Government by the Board of Transport Commissioners as the result of a study of the subject over a period of years by the board's operating and engineering officers in collaboration with the railways and the highway safety authorities. The studies were conducted as a result of representations made to the board by various organizations in Canada dating back for a period of ten years or more. The incidence of railway-highway crossing accidents in which motor vehicles collide with the side of trains has been increasing, partly as a result of the large increase in the number of vehicles using the highways and partly as a result of the large increase in the length of railway trains. It is no uncommon sight out in the prairie country to see a railway freight train of a hundred cars travelling the right of way of the railway, and it takes a long time for that number of cars to be pulled by the engine past an intersection of the road. The length of railway trains has been greatly increased because of the increased power provided by diesel locomotives, as compared with the old type of steam locomotives. An illustration of the seriousness of this hazard is found in the statistics for 1957, which show that in that year there were 51 collisions between motor vehicles and the side of trains during daylight hours, and 109 collisions during night hours.

This subject of reflectorized markings on the side of railway cars has been under active consideration in the United States for several years. In particular, the Great Northern Railway, in the United States, has taken the lead and now has all its rolling stock equipped with reflectorized paint.

It is recognized that in every freight train in Canada there are bound to be some American freight cars, some of which will not be marked. It is the opinion of the officers of the Transport Board that, notwithstanding this fact, and in view of the progress being

made on the subject in the United States of America, it is highly desirable that Canadian freight cars be equipped with reflectorized markings in order to reduce the alarming incidence of motor vehicles running into the side of freight trains at night. The reason that the legislation does not provide for locomotives to be similarly equipped with reflectorized markings is that locomotives have both side and front lights, as well as bells and horns and similar warnings. It is not therefore considered necessary at this time to provide that they be equipped with reflectorized markings.

Bill C-52, in all its aspects, has been carefully studied by the members of the Transport Board and its technical officers and its provisions have the full support of the board.

Hon. Mr. Connolly (Ottawa West): Can the honourable senator say at whose expense these reflectors would be installed on the sides of the cars?

Hon. Mr. Macdonald: The bill says that the Railway Grade Crossing Fund will grant an amount not exceeding 80 per cent of the cost during the next three years.

Hon. Mr. Aseltine: Yes; and 60 per cent after that.

Hon. A. K. Hugessen: Honourable senators, I think we are very much indebted to the honourable Leader of the Government (Hon. Mr. Aseltine) for the information which he has been kind enough to obtain for us as a result of the questions asked of him yesterday afternoon.

I have just one further question to ask, and I do not know whether he can give me any information about it. He referred to the situation in the United States with respect to the application of these reflectors and stated that one railway, I think the Great Northern Railway, had been a leader in that practice. Has he any information as to whether the regulatory body in the United States, which I think is the Interstate Commerce Commission, has issued any orders making it a general requirement that cars in the United States should have such reflectors?

Hon. Mr. Aseltine: No, I haven't that information, but I will be glad to obtain it for the honourable senator and give him the answer at some other time.

Hon. Mr. Hugessen: Thank you.

Motion agreed to and bill read third time and passed.

ESTATE TAX BILL

NON-INSISTENCE UPON SENATE AMENDMENT

The Senate proceeded to consideration of the message from the House of Commons on Bill C-37, respecting the taxation of estates.

Hon. W. M. Aseltine: Honourable senators, I move:

That the Senate do not insist upon its fourth amendment to Bill C-37, intituled An Act respecting the taxation of estates, to which the House of Commons have disagreed.

He said: Honourable senators, you will remember that when this bill was given second reading in this chamber it was referred to the Standing Committee on Banking and Commerce. That committee carefully considered the bill during a considerable number of sittings and eventually reported it back to this chamber with some eight amendments. Owing to the fact that one of these amendments was of a contentious nature I made a motion that the amendments be referred to the Committee of the Whole so that they could be considered *seriatim*. That motion was agreed to and the house went into committee on the bill, with the honourable senator from Huron-Perth (Hon. Mr. Golding) in the Chair.

In Committee of the Whole all of the amendments were considered, and seven of them were adopted unanimously. One amendment—the one which has been referred to as the fourth amendment—did not receive unanimous consent in committee, but it was concurred in by this chamber when a vote was taken. This is an amendment to section 26 of the bill. That section, as it stands in the bill, reads as follows:

For the purposes of this Part, in determining the value of any property no allowance or deduction shall be made for on account of income tax.

The amendment made in the Senate Banking and Commerce Committee added to the end of that section after the words "income tax" the following:

—except where a superannuation or pension benefit is taxable under the Income Tax Act.

So section 26 as amended by the Senate Banking and Commerce Committee would read as follows:

For the purposes of this Part, in determining the value of any property no allowance or deduction shall be made for or on account of income tax except where a superannuation or pension benefit is taxable under the Income Tax Act.

After these eight amendments were adopted by the Senate the bill as amended was then given third reading and returned to the House of Commons for its consideration.

We are advised that the House of Commons considered the eight amendments made by the Senate and adopted all of them with the exception of the fourth, that is the amendment to section 26. The following message has been received from the House of Commons returning the bill:

That a message be sent to the Senate to acquaint their honours that the house agrees to the amendments made by the Senate to Bill C-37, An Act

respecting the taxation of estates, with the exception of the fourth amendment, to which the house disagrees for the following reasons:

1. It creates discrimination in favour of a particular class of property.
2. The amendment is unworkable.
3. The amendment will revise Government revenues, and will particularly tend to reduce revenues from estates of larger value.

Honourable senators, section 26 as it stands unamended in the Estate Tax Bill re-enacts section 34 of the present Succession Duty Act and there is no particular change between the said section 34 and section 26 of the bill. Section 26 therefore would continue the legislation that has been in effect for many years under the provisions of the Succession Duty Act, but this amendment to section 26 of the Estate Tax Bill would introduce considerable change in the law as it stands in the Succession Duty Act because it makes a special rule in respect of benefits received from superannuation or pensions and therefore discriminates in favour of that class of property. In my opinion the $60,000 exemption provided in the Estate Tax Bill would take care of most of such matters, except in the case of comparatively large estates.

In my speech on the subject several days ago I gave my reasons for not being in favour of the amendment, and they are almost exactly the same reasons as those given by the House of Commons in the resolution passed by that house when returning the bill to this chamber.

In my opinion, honourable senators, this is a good bill. It is a relieving taxation measure and meets with the favour of the greater part of the people of this country, because the exemptions are increased to $60,000, with $10,000 for each child, and so on. I hope that nothing will be done by the Senate which will prevent this measure from becoming law, and that is the reason why I have moved this motion to the effect that the Senate do not insist upon the fourth amendment. I think that the Senate has sufficiently emphasized its stand in matters of this kind and I hope that the amendment will not be insisted upon in the circumstances.

Hon. T. D'Arcy Leonard: Honourable senators, as sponsor of the amendment in question I should like to have the privilege of speaking to the motion. I may say at the outset that I intend to vote in favour of the motion but not for the reasons that have been outlined by the Leader of the Government (Hon. Mr. Aseltine), nor for the reasons that have been set out in the message from the House of Commons. With those reasons I disagree and I should like to deal with them one by one.

Before doing so, I would refer to the remarks of the honourable Leader of the Government as to section 34 of the present Succession Duty Act, which section 26 of the bill would replace. Section 34 has been in force only since 1952, and even at the time it was introduced, which was ostensibly for some other purpose, the revision of the Succession Duty Act was under consideration; it was at any rate contemplated, according to expressions used at that time by the then Minister of Finance, that the question of double taxation on a superannuation or pension benefit would be one of the matters considered as and when the whole Succession Duty Act was revised.

In the message from the House of Commons, the first reason given for rejecting the amendment is that it would create discrimination. I reiterate what I have said on previous occasions, that the amendment would not create discrimination, but, on the contrary, would remove a discrimination that now exists.

Once again, may I be permitted to give an illustration that shows the principle behind the amendment that is designed to avoid putting an estate tax upon another tax? Parliament last year made amendments to the Income Tax Act to provide for what are called "Self-employed retirement plans", so that an individual could pay premiums for a retirement annuity and have those premiums, within certain limits, deducted from his income tax. Previously the privilege of deducting payments to pension plans from taxable income extended only to the group pension plans, those plans that in general cover industrial employees throughout this country. In order to equalize the position of the self-employed or the case where an employer had only a few employees, these amendments were made to the Income Tax Act to allow a deferment of income tax on the premiums paid into a self-employed retirement plan. That plan has come into operation only this year, and I think it is as yet too early to say exactly how cases are going to be dealt with under it.

The illustration I am going to give is derived from the statute itself, and I think it shows the principle we were endeavouring to put into the Estate Tax Bill in so far as superannuation and pension benefits are concerned. If an individual who is paying into a self-employment retirement fund dies before his contract matures—that is, assuming his retirement plan is to mature at age 65, and he dies before that age and before he receives any payments under his plan—the act itself specifies that his premiums are to be refunded to his estate, but subject to a deduction of 15 per cent, which is added to his income tax for that year. In other

words, his estate gets only 85 per cent of the amount to his credit at the time of his death; the other 15 per cent never reaches his estate, and indeed the trustee of the retirement plan is required to deduct 15 per cent and send a cheque for that amout to the Receiver General, and send a cheque for the 85 per cent to the estate. It is my submission that any fair-minded person would say that the estate tax in such case should be levied upon only the 85 per cent that the estate receives, and not in addition upon the 15 per cent tax that goes to the treasury.

That illustrates the principle behind the amendment, that the tax that has been deferred in lifetime and still remains to be paid at time of death should not be included in the valuation of the superannuation or pension benefit, and that as long as it is included it is a discrimination against this particular type of case. It was to remove that discrimination that the amendment was supported in this house.

The second reason advanced by the House of Commons is that the amendment is not workable. The effect of the amendment would have been to cause these superannuation and pension benefits to be valued at fair market value, at time of death, which is the usual and proper standard for the valuation of most other assets of an estate. Fair market value at time of death does not necessarily mean the same thing as the actual amount that will be realized out of an asset. Real estate, shares of stock and other securities are valued at date of death, but may realize either more or less than that value. An annuity is valued on an actuarial table, but no annuitant lives to the exact period specified by the mortality table—he lives for either a longer or a shorter time. Similarly, in a case of estimating the burden of the income tax liability that is built into the superannuation or pension benefit at the time of death, it does not have to measure accurately the exact amount that may or may not be paid for income tax in future. All that the amendment would have done was bring into calculation at the time of death the potential burden that attaches to that superannuation benefit by an existing liability chargeable against it.

The third reason given by the House of Commons is that the amendment would reduce the revenues of the Crown. I do not propose to debate at this time the right of the Senate to reduce taxes, other than to say I think such right exists. But I do point out that in our proceedings in the Banking and Commerce committee Dr. Eaton, speaking on behalf of the Department of Finance, said:

> It appears that this legislation will not be in effect and therefore will not give any revenue at all probably in the current year.

I would say further, it should be noted that the pith and substance of the amendment is concerned with the valuation of the type of asset in question, and not with the matter of taxation itself.

In the message from the House of Commons there is a suggestion that the amendment would have the effect of benefiting larger rather than smaller estates. I think that suggestion creates an erroneous impression. The type of superannuation and pension benefits covered by the amendment is that type of group pension plans where income tax is deferred.

There are strict limitations on the amount that can be put into such plan, the maximum being $1,500 in any one year; the usual amount is on the average 5 per cent of the person's salary or wages. Behind that provision is the idea that if a man had to pay income tax on that amount as well as put it into the pension he would not be able to do so. Therefore, the type of superannuation and pension benefit that the amendment covers is the usual type applicable to employees throughout this country.

On the other hand, in so far as men of substantial means are concerned, they may buy a pension without limit out of tax-paid income. This particular amendment would not affect that type of pension whatsoever. There should be no suggestion that this amendment is designed to, or does in fact, react to the benefit of people of large incomes, because they themselves are now covered, or can be covered, by the type of pension where there is no built-in tax liability at the time of death.

If I might sum up these reasons which have been given in the message from the House of Commons, I might properly venture the opinion that there is a certain inconsistency between them. If the amendment really created a discrimination which was clearly visible I would want to have no part in it, and I think such discrimination in itself would be sufficient reason to send it back to this house, without bringing in any question of its workability or of the revenues of the Crown. But I sense that there is a feeling that this discrimination does exist, and that the real trouble may be in finding out how to make a workable provision for eliminating that discrimination. Finally, if the amendment is not workable, of course it cannot affect the revenues of the Crown. So I would hope that with further consideration a way may yet be found to eliminate that discrimination which, I say, now exists.

We in this house have given very careful consideration to the bill and to this amendment, as is evident in the proceedings of

the Senate Banking and Commerce Committee, which are available to all the public. It will be seen that we heard representations which were made to us by responsible organizations from all parts of Canada; and this particular amendment was put forward in a desire to meet those representations and to deal with a situation which, we felt, needed correction.

For very different reasons from those given by the other house, I think we should not insist on this amendment. Our parliamentary system in Canada is a bicameral system. Our two houses of Parliament are not competitive bodies, nor does one house sit in appeal, as it were, from the other. All legislation must pass both bodies, and even though there may not be agreement between them the relationship between them is part of a nicely adjusted system of checks and balances to ensure the orderly processes of democratic government. Over the years since Confederation, by tolerance, understanding and common sense we have made that system work. Our proceedings on this bill so far have been in line with the traditional role played by the Senate. I will quote, if I may, words of Sir John A. Macdonald, which words are probably known to all of you:

> There would be no use of an Upper House if it did not exercise when it thought proper the right of opposing or amending or passing the legislation of the Lower House.

It is true that we could take further steps now, and this has happened in the past; but I see no useful purpose to be gained by taking those steps. The amendment in dispute here is of minor consequence by comparison with the whole subject-matter of the bill. Even without this amendment, the bill is a good bill. It should pass. Even though we may be completely in the right, and the House of Commons in the wrong, it would be the people of Canada who would suffer if, because of a difference of opinion at this late date in the session, this bill should not go through.

I think we have discharged our responsibility in endeavouring to secure this amendment, and the responsibility now lies with the Government. I am content to let it rest there. I believe that in time the anomaly with respect to these pensions will be cleared up. The Minister in the other place indicated that this is not a perfect bill and that from time to time it will come up for amendment and reconsideration. But on the principle that the lesser evil should be swallowed up in the greater good, I am prepared to see the bill go through as it is now. It is not really a constitutional issue that is at stake. In my view, nothing that has been said or done in this case derogates from the fundamental rights and privileges of either house. It is purely a question of dealing sensibly with the situation which, in these circumstances, is before us; and I believe that we can agree with this motion, and not insist on our amendment, without prejudice to any future case where the issue might be more important.

For these reasons, honourable senators, I propose to vote for the motion.

Hon. Salter A. Hayden: Honourable senators, I could not let this opportunity pass without saying a few words on the question of the message which has been received from the House of Commons in relation to this bill.

I regret the action of the Commons in rejecting the amendment. I believe the honourable Leader of the Government (Hon. Mr. Aseltine) said it was called "the Fourth Amendment". If I may be facetious for the moment, it may be that when the general public throughout Canada become aware of what has been lost by reason of what I regard as a hasty and ill-advised action in dealing in this summary way with the amendment, the members in the other place may wish that they had a "Fifth Amendment" which they could invoke against some of their irate constituents when trying to explain to them why they have deprived them of a benefit which, on any fair examination of the facts, should go to those who receive a pension or superannuation benefit, which is subject to some income tax deduction, on the happening of the death of a person. It does seem inherently wrong to persist in a situation whereby the income tax element is considered as a factor in enhancing the value in a deceased person's estate of a benefit which goes to the widow who survives. Yet the reasons which were given are such as suggest that we were the ones who gave ill-considered and hasty action in this regard, because the House of Commons in its message says that we have done something that discriminates in favour of a certain class of property, that we proposed a provision which is unworkable, and that we have —perish the thought—reduced the revenues of the Government and also a possible estate tax liability on larger estates.

Well, for the benefit of those who were not at the meetings of the Banking and Commerce Committee I want honourable senators to know that the Minister of Finance, who sponsored this bill, appeared before us twice on the first occasion, when we opened our hearings, at which time he made a general statement. There were hearings when representations were made by various groups,

and then we came to a consideration of the bill clause by clause, after standing over some 12 or 14 sections because various members thought that further and particular consideration should be given to those clauses and indicated the amendments which they might present. Accordingly we invited the minister to attend again and to make his representations on the basis of those particular sections.

In order that the Minister might be as well prepared as possible, I took it upon myself to phone him considerably in advance of his attendance in committee and I enumerated for him the sections that were stood, and in a general summation I told him the reasoning behind the proposed changes. I indicated what I believed the nature of the changes would be, and the degree to which I thought the members of the committee would press them. I told him, of course, that I was giving him my own interpretation of what had taken place, and that I was doing it to assist him in addressing the committee. Well, the minister did attend before the committee and, when the committee members expressed their views, as the record will show, the minister indicated he would be agreeable to four or five of the changes and said that amendments would be drafted to give effect to them. But I want it known that it was the Senate that drew attention to these items and it was not, as was suggested in the other house, the minister who proposed these amendments in our committee.

When we were dealing with the question of pensions, the kind of amendment under consideration then was different from the one which was ultimately agreed upon, and the objections the minister made in committee—he even went to the extent of saying he recoiled from the proposed change—were based on the type of amendment we were then considering, which was to the effect that the minister should prescribe some formula or table for determination of the income tax content in a pension benefit. You will find in the verbatim reports of the committee that pages of his remarks are devoted to explaining how impossible it would be for him to do this and that it was a task he was not prepared to assume. When we finally worked out the amendment it struck me as being simple in its language and that it would be simple to administer. By providing this exception you are saying that where you capitalize the value of a pension or superannuation benefit which carries an impost of income tax, in arriving at fair market value you are entitled to give some consideration to the element of income tax that exists in the benefit that is passing and reduce the value accordingly.

For them to say it is unworkable is a judgment which I refuse to accept, for these reasons. I think it is total surrender to expediency, for in my view it is workable. There are many more difficult situations in the Estate Tax Bill. In a direct and blunt way the bill provides for an arbitrary basis of evaluation. For instance, take the famous controlled companies section that I spoke about on second reading of this bill, companies that seem to be singled out for special treatment in a derogatory rather than a beneficial way. In one instance, in attempting to arrive at the value of shares of a deceased person, who may have been one of a family group holding sufficient shares to control a company but who himself held only a minority interest, the section provided that his shares would be valued on the basis of a majority holding of shares. Very simple language! When it came to dealing with a problem that frightened them they prescribed an arbitrary method.

Let us consider the reference the honourable gentleman from Toronto-Rosedale (Hon. Mr. Leonard) made to the method of taxing return premiums on a pension plan of a self-employed person. In the case of a person dying before the pension falls in there is an arbitrary income tax levy of 15 per cent on the premiums returned. So when the fourth amendment is brusquely thrust aside and dismissed on the basis that it is unworkable, I say it is only unworkable in the minds of those who have no desire to recognize or work out a problem that requires attention.

There has been talk about discrimination. There is plenty of discrimination in this bill, but it is beneficial. It is a beneficial kind of discrimination if it favours people who would be entitled to certain pension and superannuation benefits. For instance, under this bill, if a man dies and leaves a widow there is a $60,000 exemption that is applied simply because he has left a widow, whether or not she inherits one nickel. But if a wife dies and she leaves a healthy husband, the exemption deductible is only $40,000. So you have those differences, and that is a kind of discrimination in favour of one situation as opposed to another. If the surviving husband is infirm, that is not enough to raise his exemption from $40,000 to $60,000. He must also have with him a child under or over 21 years of age, dependent on him, and who also is infirm.

You have these things all through the bill. Surely to claim that this amendment creates discrimination amounts to a surrender and to a weakness in thinking rather than to a willingness to face up to the issue. All through the bill recognition is given to different situations, and some are dealt with

in one form and some in another. In most cases you can argue that what is being done is conferring justifiable benefits under the circumstances. When it is sugested that a reduction in the value of the income tax content with respect to a pension or superannuation benefit would be a concession to larger estates, to the wealthy, it again indicates a paucity of thinking which I find difficult to grasp. The fact is that the amount of money a person can contribute annually to a pension plan and deduct annually from income tax is $1,500. Now, whatever amount of pension that will buy, that is the limit. If you wish to spend more money in a year to provide yourself or your widow with a larger pension, then you will have to do it out of funds that carry their burden of income tax. So to say that this is a method of favouring the wealthy is just ducking the whole issue and an attempt to confuse the issue by saying the Senate is endeavouring to do something in the interests of wealthy people. There was no thought of that in our minds at all. The only considerations we had were based on the representations of women's organizations and other groups, and our own consideration of the situation based on our appreciation and understanding of the matters involved. So I say that I regard the message which has come to us from the House of Commons as being slighting and arrogant and to the effect that if we had given proper consideration to this bill we would have realized that what we are proposing is discriminatory and unworkable and would reduce the revenues of the country for the year.

Well, all I can say is that it is a poor time to attempt to hold the bridge, as Horatius did. It is a poor time to stand against raids on the treasury by saying, "We are not going to recognize a situation in relation to superannuation and pension benefits—where everything is in its favour, where the cause is right, and you are doing justice as between the parties and the Crown." It represents the difference, in many cases, between worry and peace of mind for a widow during the first number of years after her husband has died, between worry and ability to get any real benefit out of the pension which has passed on to her at his death, because the capitalized value is so great on which the estate tax is paid and it must be provided somehow at once, though she suffers from lack of income.

Now, in these circumstances I find myself in a very difficult position. It is very difficult because I feel that we in the Senate have given serious non-partisan consideration to all the points that were raised in this bill. Because the committee made only eight amendments, do not think there were not other sections where amendments could have been supported and justified, but gradually by the process of elimination we got down to the amendments which were reported to the Senate, all of which have been accepted but this one. I feel this one should have been accepted. I believe the Government has made a mistake which it will discover in due course from the pressure of public opinion, and that changes will be brought in so as to correct the situation to which we have directed the Government's attention.

But, strongly as I feel, I also realize that practically everything in life is a matter of compromise. I have spoken as strongly as I can on the question—and if there were stronger words I could use I would use them when I find that something to which we gave so much thought is said to be unworkable, and called discriminatory, when we had no such ideas in mind. I say that any common-sense study of the situation would dispose of an argument of that kind. It is advanced as a refuge by some persons who either won't think or who cannot think and understand the situation. For my part, I am prepared to do a little thinking and also to be a bit of a compromiser, because the bill does correct many situations that required correction in the present act; and "The greatest good of the greatest number" is a good motto.

Hon. Mr. Aseltine: *Summum bonum.*

Hon. Mr. Hayden: Most people will benefit, or their estates will benefit, from the beneficial provisions of this bill. However, the position of widows and others who take pension and superannuation benefits that have this built-in income tax liability remains to be corrected. It is a basic injustice, complete inequity, but it will have to continue, so the Commons decrees. However, in the spirit of compromise we reach out for what is good. We are most critical of the things they, the Commons, haven't done and that they should have done, but we will take what they have approved, and we will hope that the future will bring a ray of light and understanding and intelligence to those who refuse to think. This is how I must interpret this message that came to us—thoughtless, unfeeling and completely lacking in understanding. Sooner or later we may get amendments made, and this particular one that should be in the bill this year must come. Pressure of public opinion will, I hope, soon force its adoption.

Hon. Mr. Brunt: Hear, hear.

Hon. Thomas Vien: Honourable senators, on this question I am entirely in agreement with the honourable senator from Toronto

(Hon. Mr. Hayden). The Standing Committee on Banking and Commerce of the Senate duly considered the question and I think this amendment which it made is in keeping with the spirit of proper legislation on this subject. I agree particularly with the honourable senator's statement on the question of discrimination. An examination of the Income Tax Act or the Excise Tax Act will show instances of discrimination, but, as in the application of the Railway Act, discrimination itself is not prohibited as a matter of law. Unjust and unfair discrimination should be eliminated, but discrimination that is beneficial and designed to correct an anomaly should be accepted. On the merits of the question, therefore, I am still fully in accord with the finding of the Senate Committee on Banking and Commerce, and indeed with the opinion of the Senate as expressed in the amendment which has been referred back to us by the other place.

I do not need to repeat what was said in committee or what has been so aptly expressed in this house by the two honourable senators who spoke before me. However, I think it is proper that another question should be clarified, one which was raised not only in the other place but also in newspapers of this country, with regard to the Senate's power to amend money bills. Although the question has not been raised specifically on this point, I would say, in the first place, that the Commons have accepted that principle by accepting seven out of our eight amendments to the bill in this instance. In the second place, there should be no possible contention on this subject, but there is a great deal of confusion in the public opinion, which is still maintained by articles which I have read in the newspapers. I have these articles before me now, and it is not necessary to make further reference to them, except in a general way. They compare the powers of the Senate in that respect to the powers of the House of Lords, and that is altogether wrong under the fundamental law governing our houses of Parliament. If honourable senators will refer to the British North America Act they will find that by section 18 the powers of the Senate are not the powers of the House of Lords. Section 18 reads as follows:

> The privileges, immunities, and powers to be held, enjoyed and exercised by the Senate and by the House of Commons, and by the members thereof respectively, shall be such as are from time to time defined by Act of the Parliament of Canada, but so that any Act of the Parliament of Canada defining such privileges, immunities, and powers shall not confer any privileges, immunities, or powers, exceeding those at the passing of such Act held, enjoyed, and exercised by the Commons House of Parliament of the United Kingdom of Great Britain and Ireland, and by the members thereof.

It will be seen, therefore, that under section 18 of the British North America Act the powers of the Senate are the same as the powers of the House of Commons.

With regard to money bills, there is only one difference between the powers of the House of Commons and the powers of the Senate. It is that money bills must be introduced in the House of Commons. But once they are introduced in the House of Commons there is no longer any difference between the powers of the Senate and the powers of the Commons to deal with them.

The only section of the British North America Act, providing for this is section 54 which reads as follows:

> 54. It shall not be lawful for the House of Commons to adopt or pass any Vote Resolution, Address, or Bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose than has not been first recommended to that house by message of the Governor General in the session in which such Vote, Resolution, Address, or Bill is proposed.

So there is a limitation with respect to money bills which may affect us, so far as the scheme of taxation of the Government to raise the necessary revenue to provide for the functioning of the Government of Canada is concerned, and the same limitation applies to the House of Commons.

In the House of Commons, since Confederation, it has been a constant practice of the Speaker of the House of Commons to restrain members from amending money bills. Of course this restraint has been applied with modification, but under section 54 of the British North America Act the limitations with respect to money bills apply to members of the House of Commons in the same way as to members of the Senate. A member of the Senate cannot introduce a resolution, bill or amendment to impose or increase a tax, but neither can any member of the House of Commons do so, except a member of the Privy Council, with the previous consent of His Excellency the Governor General. Nor can we in the Senate change the general scheme of expenditures, because if you move that an expenditure be made you have got to provide the revenues by ways and means, and that can be done only by imposing taxation. But, honourable senators, we can reduce taxation, and that is what we are doing in this case. Our powers in that regard are exactly the same as those of the House of Commons. This is provided for by the British North America Act, our Constitution, which governs both houses of Parliament. Therefore it is most impertinent for the House of Commons to pass a standing order such as Standing Order No. 63. This order reads as follows:

> All aids and supplies granted to Her Majesty by the Parliament of Canada are the sole gift of the

House of Commons, and all bills for granting such aid and supplies ought to begin with the house, as it is the undoubted right of the house to direct, limit and appoint in all such bills, the ends, purposes, considerations, conditions, limitations, and qualifications of such grants, which are not alterable by the Senate.

This most impertinent standing order should be erased from the Book of Rules of the House of Commons, because that house has no power to determine the powers of the Senate. The powers of the Senate are determined by the British North America Act, and therefore it is preposterous to state in a standing order that aids and supplies are the sole gift of the House of Commons. If they were the sole gift of the House of Commons why should money bills have to come to the Senate for first, second and third readings, and to be passed by this house? No bill can become law unless the Senate passes it. This applies to money bills as well as to all other kinds of bills.

Honourable senators, I suggest that these remarks, which are directed to the constitutional question of the Senate and of the House of Commons, are appropriate in view of the discussion which has taken place on this bill and the many articles which have been published in the press. I hope these words of mine will clear the atmosphere and bring some light on this very important subject.

Hon. William R. Brunt: Honourable senators, as one of the three members on the Government side of this chamber who voted for this amendment I think it is proper and fitting that I say a few words at this time.

At the time I voted for the fourth amendment to this bill I was of the opinion that it was a good amendment, and I still believe that it is a good amendment. I think the fourth amendment improves the Estate Tax Bill. The other place, however, has seen fit to reject this amendment, and that leaves us in the position of deciding whether or not we are going to have an Estate Tax Act. Without exception, every honourable senator who spoke on this bill respecting the taxation of estates said that it was a good bill. There is no doubt about it. It is a great improvement on the present Succession Duty Act, and the Senate in its wisdom endeavoured to improve on this bill by passing this amendment. We have made our position very clear to the general public, but I think that we must keep in mind—and this is most important—that the people of Canada will be better off with an Estate Tax Act without this amendment than with no Estate Tax Act at all. It is for this reason that I think all honourable senators should support this motion and pass the present bill.

Hon. George S. White: Honourable senators, I voted for this amendment in the Banking and Commerce Committee and I voted for the amendment when it was before this chamber in the Committee of the Whole. I thought it was a good amendment and a necessary amendment, and I still think so. In fact, as far as I am concerned I felt in committee that there were many other amendments that should have been made to this bill.

The honourable senator from Toronto (Hon. Mr. Hayden) covered the ground very well, and I agree and concur in his remarks. As to the message from the House of Commons and the four reasons given for not accepting this amendment, I am not impressed in the slightest degree. I think the reasons given do not apply. As stated by the honourable senator from Toronto, they are more or less a reflection on our Standing Committee on Banking and Commerce.

I am one of those who have had experience in the Banking and Commerce Committee of the House of Commons and also in the Banking and Commerce Committee of this house; and I have no hesitation in saying, honourable senators, that in the short time I have been in the Senate and served on our committee I have been greatly amazed and pleased at the very fine work it does on any bill referred to it. If you take the report of the Banking and Commerce Committee of the other place containing the proceedings on the examination of the Estate Tax Bill and compare it with the report of the proceedings of the Senate committee on the same bill, I am sure you will agree with my conclusion.

During the hearings in the Banking and Commerce committee it was emphasized and re-emphasized that this bill was a simplification of estates taxation, as if it were something that would lessen the work of the department. I never could agree with that, because I feel that while this bill has some benefits, it is going to increase the legal expenses in the administration of estates, and it is going to have the effect of scaring away many capable people who otherwise might have been willing to act as executors in centres outside the large cities which have the benefit of trust companies.

Hon. Mr. Brunt: It won't scare you away, will it?

Hon. Mr. White: No, it won't scare me; and it is going to be of great benefit to members of the legal profession because they will be able to demand more fees.

Hon. Mr. Aseltine: I can't see that.

Hon. Mr. White: You will find that an executor will not turn around unless he has

a solicitor at his elbow, and I think he would be wise to keep him there.

I was impressed by the representations made by the various ladies' organizations, both by their briefs and by their representatives who appeared before the committee.

Some honourable senators have said today that this bill will probably come back for amendment. I can only say what I said before: I remember when the present act came to the House of Commons in 1941; I objected to certain things then and I was assured that after the act had been in operation for a time and we saw how it worked, the wrinkles would be ironed out. Well, if you subtract 1941 from 1958 you will see how long it takes to iron out wrinkles.

Like all the other senators who have spoken today, I agree that there are certain benefits in this bill, and I for one would not like to see the bill killed. It is only for that reason that I will vote for this motion.

Hon. Muriel McQ. Fergusson: Honourable senators, when this bill was considered in Committee of the Whole I supported the amendment of the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard). For that reason I would like to speak briefly on this motion today.

This was not a case of my jumping on the bandwagon for something that I thought was popular; it is not a new idea to me. This question has been studied by the Canadian Committee on the Status of Women, which had representatives appear before our Banking and Commerce Committee, and I am familiar with their work. They have studied this feature of the legislation since it was introduced in the Succession Duty Act in 1952 and are definitely of the opinion that to require that income tax and succession duty or estate tax be paid on the same money is double taxation, to which they are strongly opposed. In the committee they said they were unalterably opposed to paying estate tax on income which they have never received. Under the present act the income tax is deducted after the amount of a superannuation benefit is capitalized, and therefore it is felt that the paying of succession duty or estate tax, under the present act or the new bill, on money which the successor has never handled, is objectionable.

Honourable senators who did not attend the committee may have noticed that the brief of the women's organizations did not refer to this matter. It has been brought to my attention that when the women representatives appeared personally, and the matter came up through representatives of the trust companies and other organizations, the women strongly supported them. It was a matter on which they were very familiar and were able to speak fluently.

Hon. Mr. Connolly (Ottawa West): That is right.

Hon. Mrs. Fergusson: In the matter of double taxation, I would bring to the attention of the house a point that comes to my mind. I am quite sure the women members of the organizations to which I belong are not impressed by the statement that this is not double taxation. We feel it is. What strikes me forcefully is the fact that Canada is apparently opposed in principle to double taxation. If it is not, why has Parliament ratified so many agreements with countries such as the United Kingdom and the United States, to prevent double taxation in the succession duty and income tax fields? This provision in the Estate Tax Bill definitely seems to be a violation of the principle that we in Canada have accepted in dealing with other countries. If we are going to recognize the principle in our dealings with other countries, surely we should adopt it in our domestic affairs as well.

I should like to speak very briefly on the three reasons given by the other house for the return of the bill to the Senate. First, they say that the amendment would create a discrimination in favour of a particular class or property. Well, does not every tax act create some discrimination as between citizens of a country? If we raise or lower the customs tariff, we discriminate against someone. Any taxation is going to be basically unfair to someone. The only reason it is enacted is that it can be justified. It may be that the Government feels it can justify this taxation, which I think discriminates against people who receive superannuation or pension benefits. But it seems to me it would be preferable to increase the rates in the higher brackets.

The second point which was raised by the minister in refusing the Senate's amendment was that the amendment was unworkable. Well, I find that reason rather difficult to accept. It is well known that pensions and annuities are the easiest assets to identify. When I recall some of the complicated calculations which the officials of the department are required to make in handling estates I do not think that this particular amendment would present any insurmountable difficulties. In any case, as the honourable senator from Toronto (Hon. Mr. Hayden) has said, if there is any great difficulty it could be overcome by setting up an arbitrary formula to be followed in these cases.

The third reason given by the other house for rejecting the amendment is that it would reduce Government revenues, particularly

revenues from estates of larger value. Well, I have read the *Hansard* reports of the debates in the other house and the reports of the committees of both houses, and from all that material I gathered the impression that the amount of revenue that was expected to be received from this source would not be great. In any case, although I am not going to enter into a discussion on the constitutional issue, I certainly think if the Senate wished to pass legislation that would reduce Government revenues it has every right to do so. I doubt very much if this amendment would tend to reduce revenue from estates of larger value, for those who leave large estates are not the ones who arrange to provide most of these superannuation or pension benefits; it is those who do not have large estates who try to make such arrangements to take care of people they leave behind.

Honourable senators, like others who have spoken on this debate, I feel that this is a good bill and I should be sorry to see it defeated. It is a much better measure than the Succession Duty Act. I am also reluctant to relinquish the amendment, which I feel is very important and, if not accepted now, should be a subject of amending legislation in the future, so that eventually it will become the law of Canada.

Hon W. Ross Macdonald: Honourable senators, what I intended to say has been said at least four or five times this afternoon, so it is not my intention to delay the house longer on this proposal to accept the decision of the House of Commons. I would like it to be noted, however, that the amendment was rejected in the House of Commons on its merits and I cannot agree with the reasons given by the Commons for its rejection. The reasons have been explained several times, so I shall not repeat them.

I think we should adopt the motion. As honourable senators have stated, this bill is better than the present act. Just how much better, I am not prepared to say; but I noted that one of the witnesses before the committee stated that it would be welcomed by millions of insurance policyholders. It increases the exemption, in the case of a man dying leaving a widow, from $50,000 to $60,000, and there is an additional exemption of $10,000 in respect of every child under 21 years of age. I would hesitate to hold up the bill until the next session of Parliament, in view of the fact that many people will die in the meantime and if the measure is delayed their wives and children will not get the benefit of this provision. Of course we could oppose the position which the House of Commons has taken; we possess all the necessary powers to resist its action. The honourable senator from Toronto-Rosedale (Hon. Mr. Leonard) quoted Sir John A. Macdonald. May I be permitted to quote another great Canadian Prime Minister, Sir Robert Borden? He said:

> Parliamentary government could not continue to function if every constituent element of Parliament—

This includes, of course, the Senate.

> —were constantly to exercise its powers to the legal limit.

We could exercise our powers to the legal limit and resist the position which the House of Commons has taken. But, as the bill is, by and large, better than the present legislation, I think we would be very foolish to resist the motion.

The Hon. the Speaker: Honourable senators, the question is on the motion of the honourable Senator Aseltine:

> That the Senate do not insist upon its fourth amendment to Bill C-37, an act respecting the taxation of estates.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Carried.

Hon. Mr. Taylor (Westmorland): On division.

Hon. Mr. Wall: On division.

Motion agreed to, on division.

NATIONAL CAPITAL BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-48, respecting the development and improvement of the National Capital Region.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, September 4, 1958

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

Prayers.

VISIT OF UNITED STATES SENATORS

Hon. W. M. Aseltine: Honourable senators, we have with us in the gallery of the Senate today two distinguished senators from the United States of America who are paying us a visit. I think it would be a nice gesture on our part if we asked them to come and take a seat on the floor of the chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I would also say further that we have not a very big program today so we won't be able to entertain them as we could have done had they been here yesterday. Our Order Paper is clear, and we have for consideration today only the report of the Standing Committee on Transport and Communications on the Broadcasting Bill. Until such time as the two measures remaining to be considered this session come from the House of Commons we shall have to adjourn during pleasure or until tomorrow afternoon.

I take great pleasure in inviting, with the concurrence of the Senate, the Honourable George D. Aiken and the Honourable Homer E. Capehart, two distinguished members of the United States Senate, to honour us by taking seats on the floor of this house.

Hon. W. Ross Macdonald: Honourable senators, it gives me great pleasure to join with the Leader of the Government in welcoming these two distinguished United States senators to this house. As honourable senators know, both these gentlemen have taken a very active part in the proposals to set up a joint committee composed of members of the Congress of the United States and the Parliament of Canada for the purpose of meeting together from time to time, probably informally, to discuss our mutual problems. I am sure we are all delighted to know that the Senate of the United States is so interested in this development that two of its distinguished members have come to Canada to join representatives of our Parliament in further considering the proposals before the committee is actually set up.

I most heartily join with the Leader of the Government in welcoming Senator Aiken and Senator Capehart to our chamber, and I hope they will each take a seat on the floor of this house.

The Honourable George D. Aiken and the Honourable Homer E. Capehart, United States Senators, were escorted to seats in the chamber by the Honourable the Leader of the Government in the Senate (Hon. Mr. Aseltine) and the Honourable the Leader of the Opposition in the Senate (Hon. Mr. Macdonald).

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I lay on the Table the following documents:

Exchange of notes between Canada and Denmark modifying the agreement of 1949 with regard to air services, signed at Ottawa, May 16, 1958—entered into force, May 16, 1958. (English and French texts).

Exchange of notes between Canada and Denmark modifying the exchange of notes of September 22 and October 14, 1949, concerning visas, signed at Ottawa, July 14, 1958—entered into force, July 14, 1958. (English and French texts).

Exchange of notes between Canada and Norway modifying the agreement of 1950 with regard to air services, signed at Ottawa, May 16, 1958—entered into force, May 16, 1958. (English and French texts).

Exchange of notes between Canada and Norway concerning the transfer to Norway of the three Prestonian class frigates on loan to that country, signed at Oslo, July 1, 1958—entered into force, July 1, 1958. (English and French texts).

Exchange of notes between Canada and Norway modifying the exchange of notes of March 4 and 13, 1950, concerning visas, signed at Ottawa, July 14, 1958—entered into force, July 14, 1958. (English and French texts).

Exchange of notes between Canada and Sweden modifying the agreement of 1947 with regard to air services, signed at Ottawa, May 16, 1958—entered into force, May 16, 1958. (English and French texts).

Exchange of notes between Canada and Sweden modifying the agreement of 1949 concerning visas, signed at Ottawa, July 14, 1958—entered into force, July 14, 1958. (English and French texts).

Protocol amending Article 45 of the Convention on International Civil Aviation, done at Montreal, June 14, 1954—entered into force May 16, 1958. (English and French texts).

Canada and the United Nations, 1957—Conference Series, 1958—issued by the Department of External Affairs. (English text).

BROADCASTING BILL

COMMITTEE AMENDMENTS CONCURRED IN

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill C-55.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (C-55) intituled: "An Act respecting Broadcasting", have in obedience to the order of reference of August 28, 1958, examined the said bill and now report the same with the following amendments:

1. Page 6, line 35: Immediately after "14." insert "(1)"

2. Page 7: Immediately after line 4 add the following as subclause (2):

"(2) The Governor in Council may exempt from the operation of this section, upon such terms and conditions as the Governor in Council may prescribe, any person who, at the time of the coming into force of this act, was the holder of a licence and was not a person described in paragraph (a) or (b) of subsection (1)."

3. Page 9, line 6: Strike out "pleasure" and substitute there for "good behaviour"

4. Page 9, lines 19 to 22: Strike out lines 19 to 22, both inclusive, and substitute therefor the following:

"upon attaining the age of seventy years, and may be removed at any time, in the case of the President or Vice-President, by the Governor in Council for cause, and, in any other case, by the Governor General on address of the Senate and House of Commons."

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hugessen: Honourable senators, I move that the amendments be concurred in now.

Perhaps I should say a few words to the house on the subject of these amendments which have just been read. There are only two amendments of any importance. The first is an amendment to the first part of the bill, dealing with the set-up of the Board of Broadcast Governors established by the bill. Under section 14, as it read when it came to us, there were severe restrictions upon the issue of licences by the board to persons or corporations having a non-Canadian interest. The section provides that no licence shall be issued by the board to anyone other than a Canadian citizen, or a corporation having two-thirds of its directors Canadian citizens and at least three-fourths of its shares owned by Canadian citizens or other Canadian companies. When we came to consider the bill in committee we found that there are at present several broadcasting stations, and I think one television station, which cannot comply with those requirements as to ownership. In other words, they are owned by outside interests to an extent greater than would be permitted by this section 14. The minister in charge of the bill appeared before the committee and gave evidence, which was very helpful indeed. He said that there was no intention in this bill of depriving people of their acquired rights or of interfering with the rights of existing companies owning broadcasting or television stations. Therefore, we have included this first amendment to the effect that section 14 need not apply, if the Governor in Council so permits, in the case of any person who at the time of the coming into force of this act could not comply with the requirements of section 14. That, I think, is an obviously good provision, and it preserves the rights of holders of existing broadcasting and television licences who otherwise would be deprived of the right of obtaining renewals of their licences if this bill had gone through in its original form.

The second important amendment is to section 22 of the bill, that is, in the second part of the bill, dealing with the Canadian Broadcasting Corporation. It has to do with the tenure of office of the two principal officers of that corporation.

Perhaps I should explain to the house that this bill sets up two independent bodies, the Board of Broadcast Governors, with certain officers and directors, and the Canadian Broadcasting Corporation, with a President, a Vice-President, and nine directors.

Now, with respect to all the officers of the Board of Broadcast Governors, and with respect to the nine directors of the Canadian Broadcasting Corporation, provision is made in the bill that they shall hold office during a period of years and during good behaviour, and shall be removable only by the Governor General upon a joint address of the Senate and House of Commons. However, with respect to the President and Vice-President of the Canadian Broadcasting Corporation, the bill as it came to us provided that they should hold office during pleasure. It was felt that if that phrase were to remain in the bill it might imply the possibility of political control over those two officers and that they could be removed without cause at any time by the minister in charge of the legislation. No one suspected that this Government or any future Government would so act, but it was thought to be better to provide for some specific and more definite means for the removal of those two officers. Therefore we amended that section to provide that the President and Vice-President of the Canadian Broadcasting Corporation can only be removed by the Governor in Council for cause.

Those are the only two amendments of substance, honourable senators. The other minor amendments which were read a few moments ago are simply incidental to these.

Motion agreed to.

THIRD READING

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

(*Translation*):

Hon. Léon Méthot: Honourable senators, I move that Bill C-55, intituled "An Act respecting Broadcasting", as amended, be now read the third time.

The Hon. the Speaker: It is moved by the Honourable Senator Méthot, seconded by the Honourable Senator MacDonald, that this bill be now read the third time. Is it your

pleasure, honourable senators, that this bill be given third reading?

(*Text*):

Motion agreed to and bill as amended read third time and passed.

CANADIAN STATUS IN COMMONWEALTH

PRESS REPORT

Hon. Vincent Dupuis: Honourable senators, I rise on a question of privilege.

However, may I first join other honourable senators who have spoken in expressing our great pleasure in having with us today two distinguished members of the Senate of the United States. I would like to tell them that in our study of legislation in this chamber our constant endeavour is to do justice to the citizens of Canada. We always remember and try to adhere to the principle enunciated by one of the most illustrious Presidents of United States of America, Abraham Lincoln, in these words:

> With malice toward none, with charity for all, with firmness in the right, as God gives us to see the right—

Honourable senators, my questions of privilege is about a Canadian Press dispatch from London, England, dated September 2, which reads as follows:

> Prime Minister Diefenbaker is to speak in London November 4 at a meeting arranged by the Commonwealth and Empire Industries Association.
>
> The association stands for the extension of Imperial preference in production, trade and transport, protection of home industry and agriculture, and of free enterprise.
>
> Wells said the association is anxious to hear the Canadian Prime Minister because "we understand he is quite an imperialist".

I do not know how such a statement could be made, considering the existence of the Statute of Westminster. As honourable senators know, this statute was passed by the members of the British Commonwealth after the holding of two meetings of the members of the British Empire Association, one in 1926 and the other in 1930.

In 1926 it was decided, as far as the relations of the members of the Commonwealth are concerned, that:

> They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or internal affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth.

On the 15th of August 1947 the British Government decided to grant freedom to India—we should always remember the broadmindedness of the British administration in this respect—and on the 26th of January 1950, after having adopted its Constitution, India became an independent republic, but retained full membership in the Commonwealth of British nations. This, honourable senators, proves that the British Government was wise in its decision to allow India to be free.

Personally, I am not opposed to use of the word "Imperialist", because I always revered the title given to our glorious Queen Victoria, *Regina et Imperatrix*. In the parlour of my father's house hung two large pictures, one of Leo XIII and the other of Queen Victoria, under whose portrait was written *Regina et Imperatrix*.

Nevertheless, honourable senators, I think this question should be settled once and for all. As to the veracity of the assertion that our Prime Minister is quite an Imperialist, it is only fair that we should leave that question to be settled by the party of which he is the distinguished chieftain, for, after all, it is up to the members of that party to tune their fiddles among themselves. But what may disturb many a Canadian is any suggestion that we are still subordinate to another member of the British Commonwealth of Nations, which is absolutely false.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, we had expected to receive this afternoon the bill to amend the Customs Act and the bill to amend the Canadian Citizenship Act, but before coming into the chamber I had a conference with the Leader of the Government in the other place and he advised me there was no possibility of either measure reaching us today.

I would suggest that after we adjourn all honourable senators remain in the chamber to meet the two honourable senators from the United States, get acquainted with them and discuss any matters that they might wish to talk about. Is that agreeable to honourable members?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, September 5, 1958

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the Table the following documents:

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1957, pursuant to section 10 of the Department of National Health and Welfare Act, Chapter 74, R.S. (French text).

Exchange of Notes between Canada and the United States of America concerning the establishment of a Canada-United States Committee on Joint Defence, signed at Ottawa, August 29 and September 2, 1958—entered into force September 2, 1958. (English and French texts).

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, the expected legislation has not yet arrived from the other place and I doubt if there is any possibility of its reaching this chamber until some time later this day. I would like to have the opinion of the house as to whether we should adjourn during pleasure, to reassemble at the call of the bell, or adjourn now until 8 o'clock this evening. What would the honourable Leader of the Opposition (Hon. Mr. Macdonald) suggest?

Hon. W. Ross Macdonald: Honourable senators, I have not followed very closely what is taking place today in the other house, but I would be surprised if any legislation came to us before 8 o'clock tonight. I would suggest therefore that we rise now until 8 o'clock.

The Senate adjourned during pleasure, to resume at the call of the bell, at approximately 8 p.m.

At 8 p.m. the sitting was resumed.

Hon. Mr. Aseltine: Honourable senators, I suggest that the Senate adjourn during pleasure, to meet at the call of the bell, at approximately 9 o'clock.

Hon. Mr. Crerar: The honourable leader proposes that we adjourn, perhaps to meet at 9 o'clock, at the call of the bell. How long are we to wait? Shall we wait until 10 o'clock or 11 o'clock?

Hon. Mr. Aseltine: If there is nothing over here by 9 o'clock we can adjourn until tomorrow morning.

Hon. Mr. Crerar: The understanding is that the bell will call us at 9 o'clock?

Hon. Mr. Aseltine: Or a little earlier, if necessary.

Hon. Mr. Crerar: So long as we know where we are at. Personally I have no desire to sit around the chamber all evening waiting for something to come from the other place.

Hon. Mr. Aseltine: The Customs Bill is in Committee of the Whole of the other house, and it is quite possible that it will be before us presently.

Hon. Mr. Macdonald: Does the honourable Leader of the Government (Hon. Mr. Aseltine) still expect that Parliament will prorogue tomorrow?

Hon. Mr. Aseltine: That is my fond expectation.

The Senate adjourned during pleasure.

At 9.00 p.m. the sitting was resumed.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move that when the Senate adjourns today it stand adjourned until 10.30 tomorrow morning.

Motion agreed to.

The Senate adjourned until tomorrow at 10.30 a.m.

THE SENATE

Saturday, September 6, 1958

The Senate met at 10:30 a.m., the Speaker in the Chair.

Prayers.

CUSTOMS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-51, to amend the Customs Act.

Bill read first time.

SECOND READING

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

Hon. Lionel Choquette: I move that the bill be read the second time now.

Honourable senators, this bill has four essential objects which it attempts to accomplish. These are: (a) a revision of the present provisions regarding the determination of value for duty on goods coming into Canada; (b) the addition to the valuation provisions of a new provision which has as its object a further safeguarding against dumping into Canada of goods at a price below the cost of production thereof, plus the normal gross profit usually earned in that trade; (c) the provision of a new basis for the valuation of fresh fruits and vegetables of a class or kind produced in Canada during advance marketing periods for such products in the country of origin, and (d) a revision of the appeal provisions on appeals to the Exchequer Court from decisions of the Tariff Board including: (1) the elimination of the necessity for obtaining leave to appeal by the deputy minister or appellant before the Tariff Board; (2) extension of the time from 30 to 60 days within which an appeal may be taken; (3) setting out a complete code of procedure, and (4) provisions to allow appeals from decisions of the deputy minister prohibiting the entry into Canada of salacious literature, referred to in item 1201 of the Customs Tariff, to be taken to the courts rather than the Tariff Board.

When goods are imported into Canada it is, in every case, a requirement that the value of those goods be determined. In most cases they will be subject to the ordinary duty prescribed in the Customs Tariff and, further, in every case that value is used for the purpose of determining the excise and sales tax to which such goods are subject.

The general procedure followed is that the appraiser at the border determines the value for duty in the first instance, very often with the assistance or direction of dominion customs appraisers in Ottawa. This value is determined at present under the provisions of sections 35 to 40 of the Customs Act, which provisions alone deal with value. If an importer is not satisfied with the determination as to value, or indeed tariff classification as well, he may, in accordance with section 43 of the Customs Act, appeal from the appraiser's determination to a dominion customs appraiser. If, in turn, he is not satisfied with the determination of the dominion customs appraiser, he may then appeal to the deputy minister, who in due course issues a "re-determination". By section 44 of the Customs Act a decision of the deputy minister as to classification or value is subject to appeal to the Tariff Board.

Thus in all cases, except where the statute provides that the minister shall determine value, the value is determined by the deputy minister, and an importer has a right of appeal to the Tariff Board as to classification or value. By section 45 of the Customs Act an appeal lies from the Tariff Board, with leave, to the Exchequer Court and then to the Supreme Court.

On the other hand, those provisions in the statute which provide that the minister, as opposed to the deputy minister, shall determine value are not subject to appeals, since section 44 provides for a right of appeal only from the decision of the deputy minister.

Turning to the valuation provisions of the present law, these are subject to certain ancillary rules laid down in subsections (2) to (7) of section 35, which are set out opposite page 1 of the bill. These valuation provisions break down into four rather separate and distinct rules. These are (1) the "like goods rule" found in subsections 2 and 3, (2) the "similar goods rule" found in subsections 4 and 5, (3) the "ministerial rule" found in subsection 6, and (4) the "basket or cost plus rule" found in subsection 7.

The like goods rule in the present law provides in effect that where the same goods as are imported into Canada are sold in the country of origin under competitive conditions in the same quantities in a free transaction the value for duty shall be that price. This is the cardinal rule of determination of value which has been in the Canadian Customs law since the Galt Tariff of 1858 and is also the cardinal rule for determination of value agreed to by all the signatories of the General Agreement on Tariffs and Trade, or GATT.

The similar goods rule is used only where the like good rule cannot apply because, for

example, some goods as are imported are not sold in the country of origin. This often happens when a manufacturer makes a product especially for the Canadian market and does not sell the same goods in his home market. An example is the case where a Canadian market requires a different size or pattern of goods or a different trademark. The similar goods rule under the present law directs you to assess the value of the goods imported on the basis of the price which is obtained in the country of origin on the sale of the similar goods in, of course, a free transaction.

Hon. Mr. Connolly (Ottawa West): "Like goods", I take it, means identical goods, and "similar" does not mean identical?

Hon. Mr. Choquette: That is right. They can be dissimilar in size, in weight or in colour. I will give the correct definition of "like goods". "Like goods" are taken by the department to be goods sold in the country of export identical in all respects to those imported or identical except for some very minor differences, for example, colour.

Hon. Mr. Connolly (Ottawa West): Will the honourable gentleman mind saying what he is reading from? Is it a ruling by the department or an explanation?

Hon. Mr. Choquette: It is an explanation.

I should add that the like goods rule has applied in 75 per cent of the cases of all the merchandise imported in the last few years. It is the cardinal rule followed by the department and it still is the main one to be followed.

Now I come to the similar goods rule. This is used only where the like goods rule cannot apply because, for example, some goods as are imported are not sold in the country of origin. This often happens when a manufacturer makes a product especially for the Canadian market and does not sell the same goods in his home market. An example is the case where a Canadian market requires a different size or pattern of goods, or a different trademark. The similar goods rule under the present law directs you to assess the value of the goods imported on the basis of the price which is obtained in the country of origin on the sale of the similar goods in, of course, a free transaction.

The ministerial rule applies only when like or similar goods are not sold in the country of origin or, alternatively, there isn't an established market for such goods there. In such cases the value is determined by the minister, and you will note from what I have said that there would be no right of appeal from such determination. That is on account of present section 44 which provides for appeals from the deputy minister.

Hon. Mr. Connolly (Ottawa West): It is a discretion on the part of the minister?

Hon. Mr. Choquette: Yes.

The cost plus rule is the one which applies when all else fails. It provides, as a means of determining what the manufacturer would have charged for his product in the country of origin, that you add to the cost of the production of the goods a reasonable gross profit, or administrative costs plus selling costs and profit.

Hon. Mr. Connolly (Ottawa West): Does the honourable gentleman mind questions being asked?

Hon. Mr. Choquette: Not at all; if I can answer them promptly I will be glad to do so.

Hon. Mr. Connolly (Ottawa West): His explanation of these four different categories of determining value is very clear. However, this question always puzzles me: the explanation usually given when the officials are administering the act is, the first rule is the one set out in subsections 2 and 3 of section 35, and the second rule is applied under subsections 4 and 5; if they cannot apply either of those rules they go to subsection 6, and if that is not applicable they go to subsection 7. Under what rule of law, if there is one—and I am not asking the question to create a problem—must they proceed in that way under this bill or can they proceed without following that order? I know, in practice, they do follow that order, but I don't know that there is anything in the new legislation which compels them to proceed in that way.

Hon. Mr. Choquette: My answer to that would be this: over a period of years the officials of the department have found that to be the most practical procedure. Since most of our business is done with our neighbours to the south, we having about the same tastes and needs for goods as they, that is the most convenient way to apply the rule for imports in the like goods group. That is always the starting point.

Turning to the provisions of the bill: clause 1 provides that all of the existing valuation provisions, section 35 to 40 of the act, are repealed and new provisions substituted therefor. Except for the two new valuation provisions to which I referred earlier, these new provisions found in clause 1 are only a revision of the present provisions and there is no major change of policy. The like goods rule is still retained as the cardinal rule for determining value. Further, it is retained

with substantially the same principles applying, although you will note the rule has been expanded to clarify the existing provisions, to remove doubt where doubt existed; and in doing so regard has been had to decisions of the Tariff Board and the courts. It is much like any codification of principles. Honourable senators will appreciate that over a period of years, custom, decisions of the board and decisions of the various courts have almost become law to be codified, and if that is put down in sections such as we have before us you can rest assured that they are based on such decisions, precedents and custom, in the strict sense of the word. While the rules may seem technical on a brief reading, their primary function is to define the types of sales which serve as a basis for determining value and to expressly exclude some sales which, for obvious reasons, could not serve as an indication of the value of goods. A simple example of a sale to be excluded is one from a subsidiary company to a parent company. Honourable senators realize that in such a case that sale would not be at a real market value, because it is from a subsidiary company to a parent company. This would hardly, I am sure you will agree, be at a price which one could say with confidence represents the true value of the goods in question and the value which, if the vendor were selling such goods on the open market, he would necessarily obtain for them.

The purpose of these rules, very simply, is to find sales in the country of origin to persons who are at the same trade level as the importer, so that, if the importer in Canada is a wholesaler, you would look only to sales to wholesalers in the country of origin, and if those sales were sales where there was no relation between the parties, and took place at the same time and at the same place, they would be ordinarily satisfactory as an indication of the value of the goods. Regard is, of course, had to a number of other factors, including whether it is a free economy country where conditions are competitive, and also regard is had to the amount which would be paid for the quantity sold, to the extent that this is practical.

The proposed section 36 clarifies the present practice and understanding of the department in respect to valuation, and you will be interested to know that approximately 75 per cent of the goods that enter Canada are valued under the like quantities rule. That is in accordance with the answer I gave to the honourable senator from Ottawa West (Hon. Mr. Connolly) a while ago: I am repeating it now.

Turning to the proposed section 37, this provision incorporates the similar goods and cost plus rules of the present act. Under the present act you are required, by the similar goods rule, to take the price at which similar goods were sold in the country of origin. Thus, if the similar goods sold for more than the goods coming into Canada, it could hardly be said, for that reason alone, that goods were "similar" within the meaning of the present provisions, because of the difference in cost. The new provision would, in effect, broaden the scope of the similar goods rule, by providing for an adjustment of price, having regard to the difference in cost of production of the goods imported and the similar goods sold in the country of origin. Thus, if beans were imported into Canada in 12 ounce packages, and were sold only in 10 ounce packages in the country of origin, the value would be the cost of production of the goods imported, to which would be added the same mark-up or gross profit as is earned on the 10 ounce packages when sold in the country of origin. If the manufacturer made 35 per cent gross profit on his 10 ounce packages, the value of the 12 ounce package coming into Canada would be the cost of production plus the same mark-up.

I am sure honourable senators will agree that this method of arriving at a value is probably the only one which could be adopted in these circumstances to show what the exporter would have sold his goods for in the country of origin if they had been sold there, because, of course, the same mark-up over cost of production is used.

Hon. Mr. Burchill: How is cost of production in a foreign country computed?

Hon. Mr. Choquette: As I understand it, the department has, in several countries with which we transact business, experts who are close to our Canadian legation, and if information received from manufacturers in that country of origin does not satisfy us, our experts can verify the facts. Is that answer satisfactory to the honourable senator?

Hon. Mr. Burchill: Yes.

Hon. Mr. Choquette: I might say that this method of determining value has been followed in the department for years under the present similar goods rule and cost plus rule, as the case may be, and this new provision clarifies the law in this respect and there is no change.

Hon. Mr. Connolly (Ottawa West): That is, in section 37 of the bill.

Hon. Mr. Choquette: Yes. I should add that it is consistent with GATT. That agreement provides that where the like quantities rule

does not apply you find the nearest ascertainable equivalent. Clearly this similar goods rule is the only reasonable way of finding the nearest ascertainable equivalent.

Hon. Mr. Connolly (Ottawa West): I wonder whether the honourable gentleman is completely right about that. Perhaps the information can be given a little later. But I come back again to what I said earlier, that the provisions of the present act cover, first of all, like goods, then similar goods, then the right of the minister to value, and finally the cost of production rule. There is nothing here which says that these rules must be applied in this order, but I believe that under the General Agreement on Tariffs and Trade—perhaps the honourable senator from Ottawa East (Hon. Mr. Choquette) can refer to it; I haven't it here—there are three alternative methods of valuing, and I think they are set out in the order in which they should be used. In other words, as I recall it—I may be mistaken—under GATT you must apply the rules in the order in which they are shown in the treaty. I do not think that is provided for in the legislation. I am looking for information.

Hon. Mr. Choquette: Probably the honourable gentleman will get that information toward the end of my remarks.

Hon. Mr. Connolly (Ottawa West): I might add, by way of clarification, that it seems to me, though I may be wrong, that it is at the discretion of the department or the minister to choose which method of valuation shall apply in any given set of circumstances.

Hon. Mr. Choquette: I would say, as I think I have said before, that if we are convinced, as we are by now, that in 75 per cent of the cases the first rule of like goods can be applied, and that in maybe 15 per cent the similar goods rule has application, the logical consequence would be to value first according to the like goods rule and follow in the order mentioned.

Hon. Mr. Connolly (Ottawa West): Quite so.

Hon. Mr. Choquette: Turning then to the ministerial rule, this is found substantially in the new proposed section 38. This contains a number of provisions and circumstances under which the value shall be determined, not necessarily in accordance with like or similar goods rules but in a manner to be determined bv the minister. It is important to note at the outset that the value will not be determined by the minister but by the appraisers and the deputy minister in due course, following the manner prescribed by the minister. Thus there will be, as is the case with like or similar goods, an appeal in every case as to the determination of value.

By paragraph (a) it is provided that if the value cannot be determined because like or similar goods are not sold in the country of origin, then the value will be determined in a manner prescribed by the minister. This would apply, for example, to determination of the value of blueprints which are not sold separately. It would also apply to goods coming from countries where competitive conditions do not exist in the market in question, for example, where state monopolistic conditions exist.

With regard to paragraph (b), these classes of cases have to be dealt with separately from the like or similar goods rule because, in most cases, those rules either do not apply or apply in circumstances which are either unfair to the importer or to the domestic producers.

With regard to subparagraph (i), those goods which come into Canada to be assembled, packaged or further manufactured in Canada, or to enter into the course of manufacture in Canada, and with respect to subparagraph (v) which deals with goods used in the process of manufacture, these are set out to be dealt with separately because they cover various types of cases where relief is given from the high value such goods would obtain under the like or similar goods rule. For example, if goods which came into Canada to be packaged took a value which gave no effect to the cost of the packaging operation in Canada, the result would very probably be that the packaging would be carried out in the country of origin, and, of course, that much work would not be done in Canada. Further, for example, if pharmaceuticals are imported into Canada in a semi-finished condition, it is obviously desirable to make sure that as much work as possible is done in Canada. Applying the like or similar goods rule, the value would undoubtedly be so great as to discourage work in Canada. Accordingly these cases must be set aside to be dealt with separately. The circumstances are so many and varied that each must be dealt with in a separate way.

With regard to second quality goods, remnants, and so on, as I am sure you are aware, these present some danger to Canadian industry and therefore must be dealt with separately.

In conclusion, in respect to section 38, I would remind the house that under the present law these substantially fall within the ministerial rule from which there is no appeal. Under these new provisions, as I have indicated, there would be a right of appeal and this is the only change of any substance with regard to this provision. The minister has assured us that in dealing with each class of case he proposes to follow exactly the

practice which has been followed in the past and is being followed today.

Leaving aside section 39 for the moment, the new section 40 is, of course, necessary to take care of the situation where, for example, a manufacturer refuses to permit officers of the department to have access to his figures for cost of production, and so on. Because these cases must be dealt with separately, of course, the value would have to be determined in the manner prescribed by the minister which seems most appropriate in the particular case.

With regard to the proposed sections 40A and 40B, there is nothing new in these provisions with the exception of the new fresh fruits and vegetables provision which I will discuss in a minute. The rules set out in these two sections are currently found in subsections 8 to 12 of section 35 and sections 36 to 38 of the present law. There is no change in policy involved here, and for that reason I do not think it is necessary to comment on these provisions.

The proposed section 39 is, of course, a new provision which was announced by the Minister of Finance in his budget address. Its object is, of course, to take care of situations where goods are sold to Canada in distress situations. The essence of the rule is that, when the minister is satisfied that a Canadian industry is being damaged because goods are being imported into Canada in circumstances where, if the value for duty as determined under the ordinary valuation provisions is less than an amount which reflects the cost of production of those goods plus the normal mark-up which is ordinarily made in that particular industry, then the value will be increased by an amount which reflects the difference.

Hon. Mr. Crerar: May I ask the honourable gentleman a question?

Hon. Mr. Choquette: Yes.

Hon. Mr. Crerar: Is the cost of production the cost of production in the country of origin or the domestic cost of production?

Hon. Mr. Choquette: The cost of production in the country of origin.

Hon. Mr. Connolly (Ottawa West): Can the investigation with reference to that cost be made in an establishment other than the establishment of the manufacturer of the goods shipped in Canada?

Hon. Mr. Choquette: If like goods are manufactured in the same country of origin the comparison can be made and, I take it, a double check can be made that way. I understand that in practice our experts are sent down to the place of origin.

Hon. Mr. Connolly (Ottawa West): I realize they go to the country of origin, but must they go to the maunfacturing establishment in which the goods imported were actually manufactured or can they make their determination in a manufacturing establishment other than the one which produced the goods imported into Canada?

Hon. Mr. Choquette: I will get that information for my honourable friend at the end of my remarks.

I will give an example here to illustrate the point I referred to a moment ago. An example might be a situation where a manufacturer has sold 60 per cent of his manufacturing run at a price of 70 cents and those goods cost 40 cents to manufacture. Conditions in the market changed and in order to reduce inventory he wishes to unload quickly the balance or remaining 40 per cent of the goods on hand. He therefore, because of economic conditions, is prepared to sell for 50 cents and does so in the country of origin and also exports to Canada. Obviously this price is below the cost of production and a reasonable profit, having regard to the amount which he ordinarily sold them for, yet since the goods are sold for 50 cents in that country and the same goods are sent to Canada at 50 cents, if there were no safeguard in our law, such as this new provision, the goods would come in at a value of 50 cents, which, of course, could very well result in serious damage to domestic industry.

Hon. Mr. Dupuis: When a comparison is made by the officers of the department I am sure they take into account the cost of production in the country of origin.

Hon. Mr. Choquette: Yes.

Hon. Mr. Dupuis: For example, let us say that because of low labour costs in the country of origin it costs 10 cents to produce certain goods which cost $1 to produce in Canada. Then I understand the fair market value is considered, taking into account the low cost of production in the other country?

Hon. Mr. Choquette: No. There is provision for that in the proposed section 40A(7) subsection (c). If, for instance, in Japan they could manufacture something for two cents that would cost forty cents here, and they would be satisfied with another two cents profit we might not accept those goods at four cents here. That is provided for in section 40A(7)(c), which reads as follows:

> —where at any time it appears to the satisfaction of the Governor in Council on a report from the Minister that goods of any kind not entitled to entry under the British Preferential tariff or any lower tariff are being imported into Canada under such conditions as prejudicially or injuriously to

affect the interests of Canadian producers or manufacturers, the Governor in Council may authorize the minister to determine the value for duty of any class or kind of such goods imported into such region or part of Canada, and during such period as the Minister may specify, or may authorize the minister to prescribe the manner in which such value for duty shall be determined.

Hon. Mr. Dupuis: Clause 39, as I understand it, is a clause that could apply to anti-dumping?

Hon. Mr. Choquette: Yes, the Governor in Council can authorize the minister, if the minister is so satisfied, as he would under section 39.

Hon. Mr. Crerar: May I ask a question? Probably this bill will not go to committee, so I hope His Honour the Speaker will allow a little latitude to the rules. The manner of establishing the cost of production is very important. A few moments ago when I asked a question of the honourable senator who is explaining the bill, he said that the cost of production would be the cost of production in the country of origin, and he gave an instance, ignoring the cost of production in the country of origin altogether, giving an illustration of goods manufactured in Japan. Has the Governor in Council the power to set aside the question of cost of production and establish a new valuation for duty purposes?

Hon. Mr. Choquette: Only for the purpose, I would say, of preventing dumping.

Hon. Mr. Crerar: It doesn't matter what the purpose is; I am not interested in that at the moment. What I am interested in is whether the Governor in Council has that power under this legislation.

Hon. Mr. Choquette: Yes, in extraordinary cases, and I have given an example of an extraordinary case.

Hon. Mr. Crerar: And who determines the extraordinary case?

Hon. Mr. Choquette: Well, I suppose the competent staff of the Customs Department, who are alert in finding that out. I would say the determination would originate in complaints from our own Canadian manufacturers, through the usual investigation that is carried on, and reports made to the department.

Hon. Mr. Connolly (Ottawa West): Would not the answer to the question asked by the honourable senator from Churchill (Hon. Mr. Crerar), in the opinion of the honourable senator from Ottawa East (Hon. Mr. Choquette), be contained in section 40 of the bill? Would he look at that section to see if that is not right? Section 40 reads as follows:

Where sufficient information has not been furnished or is not available to enable the determination of cost of production, gross profit or fair market value under section 36, 37 or 39, the cost of production, gross profit or fair market value, as the case may be, shall be determined in such manner as the Minister prescribes.

Hon. Mr. Power: That is not the case at all. The case cited by the sponsor of the bill is a case where the cost of production in the country of origin is known, and that is not covered by section 40. I am asking myself, though, if that is not covered by section 40a, subsection (7)(a), and if that would be where the Governor in Council is given the power to establish duty for any purposes at any time he likes. That looks to me to be the part of the bill which confers very wide powers on the Governor in Council.

Hon. Mr. Macdonald: I think the first two lines of section 39(1) give the minister the authority.

Hon. Mr. Power: This is where sufficient information has not been supplied. In the case given by way of example, the importation of goods from Japan, where the cost of production of the article was two cents and the normal mark-up profit would be another two cents, so that the value of the article here normally would be four cents when it comes to the customs—in that case, as explained by the honourable gentleman, the minister has the right to make the article worth 50 cents, if he likes. Now, where does he get the authority for that?

Hon. Mr. Choquette: I get that authority from page 6 of the bill at section 40A(7)(c), which reads:

—where at any time it appears to the satisfaction of the Governor in Council on a report from the Minister that goods of any kind not entitled to entry under the British Preferential tariff or any lower tariff are being imported into Canada under such conditions as prejudicially or injuriously to affect the interests of Canadian producers or manufacturers, the Governor in Council may authorize the Minister to determine the value for duty of any class or kind of such goods, imported into such region or part of Canada and during such period as the Minister may specify,—

Hon. Mr. Connolly (Ottawa West): This is the new provision, is it not?

Hon. Mr. Choquette: No. That is the one I have already read, in explaining the case I gave.

Hon. Mr. Power: You must have read it quickly, because we did not hear you.

Hon. Mr. Choquette: Oh, I am sorry.

Now, in circumstances such as this, if the minister is satisfied that injury is or may be caused to a domestic industry, he may so report to the Governor in Council, and the Governor in Council may bring this new provision into operation by appropriate order. But the working of this order is important and should be carefully noted. The function

of the minister is to report to the Governor in Council after satisfying himself as to the injury to a Canadian industry, and the only function of the Governor in Council is to bring this section into force. After that, it is then a matter for the appraiser to determine the cost of production and the proper gross profit normally earned in the trade. His determination is subject to appeal to the dominion customs appraiser, then to the deputy minister, and then to the Tariff Board, in the ordinary way. This, honourable senators will note, is a very marked change from the comparable provisions which existed in the valuation law prior to 1948. Then, there was no right of appeal, and action under this provision might be said to have been more or less arbitrary.

It will further be noted that an order under this provision is limited in its application to a period not exceeding one year.

Hon. Mr. Connolly (Ottawa West): Will the honourable gentleman say what section he is discussing now?

Hon. Mr. Choquette: Section 39.

Hon. Mr. Power: Honourable senators, am I to understand that all these provisions with respect to appeal apply to a report by the minister to the Governor in Council, and the subsequent action of the Governor in Council with respect to valuation? Is there an appeal from that?

Hon. Mr. Choquette: There is an appeal but not to the highest court in the realm. The types of appeal under the present act are as follows. First you have a customs appraisal at the border. If you feel you are aggrieved by his appraisal you can appeal to the dominion customs appraiser, and if you feel that he does not make a proper appraisal or if you do not like the methods that he has used to reach the value, you can appeal to the deputy minister. The appeal to the Exchequer Court and the Supreme Court is from the decision of the deputy minister.

Hon. Mr. Power: I understand what the honourable gentleman says about the appeal to the appraiser and so on to the Exchequer Court. But is there an appeal from the decision of the Governor in Council under section 40A(7)(c)? It states:

> 7. Notwithstanding anything in this Act,
> (c) where at any time it appears to the satisfaction of the Governor in Council on a report from the Minister that goods of any kind not entitled to entry under the British Preferential Tariff or any lower tariff are being imported into Canada under such conditions as prejudicially or injuriously to affect the interest of Canadian producers or manufacturers, the Governor in Council may authorize the Minister to determine the value for duty of any class or kind of such goods, imported into such region or part of Canada and during such period as the Minister may specify, or may authorize the Minister to prescribe the manner in which such value for duty shall be determined, and the value so determined shall be deemed to be fair market value of such goods.

Hon. Mr. Choquette: There is no appeal if it was the minister's decision.

Hon. Mr. Power: You could not appeal to the dominion appraiser from a decision rendered by his boss, the minister.

Hon. Mr. Choquette: If the minister has made his decision, that is the end of it, and there is no protection in the existing law or even in the amendment to the bill from the minister's decision.

Hon. Mr. Gouin: If a complaint arose about the manner in which the decision of the Governor in Council was being carried out, there would be the usual appeal, but just on the question of the application of the method. You cannot appeal against the method. For instance, in the example given by my honourable friend in connection with importation of textiles from Japan, an appeal from the local customs appraiser would be open, and the question would be if in fact the method that had been decided upon had been followed. Is that correct?

Hon. Mr. Choquette: I will answer that as best I can. I would say that there is no appeal from the minister's decision. He would not follow the customs appraiser and the others, he would just determine it as best he could from what information he has on hand. There is no appeal if the minister determines the value, but there is an appeal from the deputy minister's determination of value under the method prescribed by the minister.

Hon. Mr. Gouin: That is exactly what I meant. If an importer is not satisfied that the prescribed method is being followed he can appeal from the application of the method.

Hon. Mr. Dupuis: Honourable senators, may I be allowed a question in order to try to clarify in my own mind this very important point? Am I to understand that when the minister has rendered a decision there is no appeal to the Exchequer Court or to the Supreme Court?

Hon. Mr. Choquette: That is right, where the minister determines the value.

Honourable senators, you will further note that an order under this provision is limited in its application to a period not exceeding one year.

With regard to GATT, this cost of production concept is not at all foreign. It appears in fact in article VI in relation to the anti-dumping or countervailing duty provisions.

Further, as is the case in the proposed section 39, under GATT this provision only applies where there is a threatened material injury to domestic industry.

In the note to article VII of GATT you will see that it provides that a country might assess duty uniformly either on the basis of an exporter's prices for like merchandise or on the general price level of like merchandise when sold in the country of export. This new provision is intended merely to assess duty in cases where there is threatened injury to domestic industry on the basis of the general price level of like merchandise when sold in the country of export. I should add, as well, that the cost plus concept of determining value for duty is not at all in conflict with GATT and this was so determined by a group of experts on customs valuation at a review session of GATT in 1955.

Now with regard to fresh fruits and vegetables: this new provision is a new basis for valuation of fresh fruits and vegetables and adopts the average value concept presently employed to determine the value of manufactured goods when the price in the country of export is low because of a marketing period. This is in subsection 12 of section 35 of the present law. The new section is designed to provide a measure of protection to Canadian producers of fresh fruits and vegetables against importations of such goods at low prices. For geographical reasons, the peak production period of many fresh fruits and vegetables grown in the United States precedes that in Canada; and when Canadian production has started, the United States goods are beginning to be disposed of at lower prices than ordinarily pertain in that market, and below that to which the Canadian producer is entitled.

It is proposed, in applying this section, to have regard to the Dominion Bureau of Statistics figures for the purposes of averaging the value at which fresh fruits and vegetables were imported over the three calendar years prior to importation.

With regard to clause 2 of the bill, this would repeal the present provisions respecting appeals to the Exchequer Court from decisions of the Tariff Board as to tariff clarification or value for duty of goods, and substitutes therefor a complete code of appeal which should prove helpful in practice before the court. The essential changes are, in the first place, the elimination of the necessity of the deputy minister or an appellant before the Tariff Board obtaining leave to appeal, as has been the case. The requirement to obtain leave to appeal has, in practice, proved to be an additional expensive step, and in about 30 applications, leave to appeal has been refused in only one case. It therefore seems unnecessary and undesirable to continue the obligation to apply for leave. However, as before, an appeal is still restricted to a question of law.

Secondly, in practice, it has been found that the 30-day period within which an appeal could be taken has been too short, and the proposed legislation would increase the period to 60 days.

Of interest in the specific rules of practice to be followed before the Exchequer Court, you will note the right of cross-appeal, which is new. Clause 3 of the bill is a revision of section 46 of the Customs Act, and the sole purpose is to clarify that on a reference to the Tariff Board by the deputy minister there is a right of appeal to the Exchequer Court.

The new section 46A provides that in respect of salacious literature, which has been prohibited entry into Canada, the appeal lies not to the Tariff Board, as has been the case, but to the county or district court or, in the province of Quebec, to the Superior Court in the county or district where the port of entry is situated or the importer resides.

Honourable senators will recall that the Tariff Board at the hearing of a recent appeal as to whether the book *Peyton Place* should be prohibited entry into Canada, recommended that the board should be relieved of the responsibility of hearing appeals in connection with that type of matter.

Clause 4 of the bill is merely consequential and has no substantive effect.

Clause 5 deals with the coming into force of the provisions in respect of fresh fruits and vegetables.

Honourable senators, that about concludes our explanation. I made a statement in my maiden speech before this house to the effect that our Civil Service was probably the best in the world. That opinion was based on my close contact with the Civil Service throughout my life, having been born and raised in Ottawa. Since that time I have had the pleasure and privilege of coming in close contact with experts in the various departments, when it was necessary for me or others to be briefed by those experts. I wish now to compliment them, especially the two gentlemen, Mr. R. W. McKimm and Mr. A. R. Hind, who were most helpful to me in preparing my presentation of this bill to you today.

Hon. Mr. Connolly (Ottawa West): Honourable senators, before there are any extended remarks, may I ask one question of the honourable gentleman?

Reverting again to section 40A, subsection 7(c) on page 6 of the bill: I am wondering whether the honourable senator could supply, perhaps later, an explanation of the

reason for including in lines 3 and 4 the words, "not entitled to entry under the British Preferential tariff or any lower tariff". The subsection, without those words, reads:

> Where at any time it appears to the satisfaction of the Governor in Council on a report from the Minister that goods of any kind... are being imported into Canada under such conditions as prejudicially or injuriously to affect the interests of Canadian producers or manufacturers...

Perhaps the explanation could be made available at a later stage in the debate.

Hon. Mr. Choquette: There is no change there; it is carried forward from section 38(1) of the present act.

Hon. Mr. Connolly (Ottawa West): I know, but I wondered why the words are there.

Hon. Mr. Choquette: I am afraid I can't give a satisfactory answer to that.

Hon. Mr. Connolly (Ottawa West): Later will do.

Hon. Mr. Gouin: Honourable senators, may I ask a question with respect also to clause 40A, subclause 7(c)? If I understood correctly the honourable senator from Ottawa East, he said that the order in council in question could be for only one year.

Hon. Mr. Choquette: Yes.

Hon. Mr. Gouin: I do not doubt the honourable senator's statement, but I do not find the provision to that effect; I should like to be able eventually to refer to the section which has that effect. I do not have the full text of the Customs Act before me, and it may well be in another section.

Hon. Mr. Macdonald: Is that clause 39(2)?

Hon. Mr. Choquette: Yes. Clause 39(2) says that it can be revoked at any time, or is revoked automatically after one year.

Hon. Mr. Crerar: Honourable senators, on that point, may I ask if it expires automatically at the end of one year, could it be re-imposed, or does it expire for good?

Hon. Mr. Choquette: I would say it could be re-imposed. Clause 39(2) of the bill reads:

> The Governor in Council may at any time revoke an order made under subsection (1) and, unless sooner revoked, an order made under subsection (1) expires at the end of one year after the making thereof.

There is no provision on the point, but in answer to the honourable senator's question, I would say the order could be re-imposed.

Hon. Mr. Crerar: Your opinion is that it could be brought into effect again immediately by passing a new order in council?

Hon. Mr. Choquette: Yes.

Hon. Mr. Crerar: The old one expires, the new one comes in, and you continue the process?

Hon. Mr. Choquette: Yes.

Hon. Mr. Gouin: I would submit, honourable senators' that subclause 2 of clause 39 apparently does not apply to clause 40A. I am of the opinion that the anti-dumping clause in the circumstance has nothing to do with the cost of production. The goods in question may be produced at, say 40 cents, or any other amount, in Japan or any other country—still referring to subclause 7(c) of that clause—and I say the question of duration for one year is not provided for in clause 40A. The way I read those two different anti-dumping provisions is that the one-year period is limited to the question of cost of production and so on, as in section 39.

Hon. Mr. Choquette: I quite agree with the honourable senator. Section 40A should provide, for clarification, just as in section 39, that neither the period will be longer than one year or will be the same as provided in section 39.

Hon. Mr. Gouin: Or there will be confusion.

Hon. Mr. Choquette: Yes.

Hon. W. Ross Macdonald: Does the sponsor of the bill intend to move an amendment to that effect?

Hon. Mr. Choquette: I hardly think so, at this late date. Of course it could become a matter of interpretation, if it is not mentioned in 40A (7) (c).

Hon. Mr. Macdonald: Perhaps you could give some consideration to the matter?

Honourable senators, my first remarks will be congratulations to the honourable senator from Ottawa East (Hon. Mr. Choquette) for the manner in which he has presented this bill. This is not his baptism of fire, because he has presented other bills here, but never a more complicated or a more important one than the bill which is before us. I will go further and say that I doubt if a more important measure has been presented to us this year; and one of my main objections to consideration of the bill at this time is that it comes to us at the very tail-end of the session, at what is admitted by all to be the twelfth hour of the last day. I wonder, honourable senators, why it has been detained so long. We have been in session since the 12th of May; other important legislation has been considered; but, I repeat, it is doubtful whether anything so important as this has come to us before. Now, when practically all the estimates have been dealt with in the other house, this bill is taken up.

Honourable senators who have been members here over the years, as well as those who have had experience in the other place, know that the practice has been to dispose of legislation before passing the estimates. Why that procedure was not followed this year I am not going to say, but, if it had been, this bill would have been before us three or four days ago. In the other house legislation was considered on Monday and Tuesday last, but this bill, instead of having been taken up at once, was put at the bottom of the list, and was not called until all departmental estimates had been considered. Because this course was followed, we have not received the bill until now.

I would point out that for the past two days this house has done no business; it has been waiting for legislation. Why did we not get it? Because the Government, which is responsible for the procedure in the other house, decided that the Senate should not get the bill until the last hours of the last day.

Hon. Mr. Aseltine: I would not say that.

Hon. Mr. Brunt: I do not think that is a fair statement.

Hon. Mr. Macdonald: If the honourable Leader of the Government (Hon. Mr. Aseltine) will not go that far, he must agree that that is the result of the procedure followed whether deliberately or not, in the other house.

Hon. Mr. Brunt: Probably because of the long debate carried on by the Opposition.

Hon. Mr. Macdonald: My honourable friend has not followed my argument; he did not listen to what I have said. I will repeat it for his benefit: I am sure other honourable senators got my meaning. On Monday and Tuesday of this week, in the other house, legislation was considered. This bill was under discussion there last Tuesday evening, but on Wednesday morning, instead of its consideration being continued and completed, it was put to the end of the list, estimates were taken up, and debate on this bill was not renewed until yesterday afternoon. That is my point. We should have got this bill before, instead of sitting around, seeing our numbers gradually decrease. Honourable senators got tired of waiting. There is nothing more fatiguing than to wait around for legislation. One has only to glance over the benches here to see how few of us are left; and I am not referring only to supporters of the Government. With this comparatively small number, about 25 per cent of our membership, we are asked to consider this legislation. An even worse feature is that, as the honourable senator from Churchill (Hon. Mr. Crerar) has said, it is now too late to send the bill to committee, though it should have gone there to receive the closest scrutiny.

Hon. Mr. Aseltine: We can sit all next week.

Hon. Mr. Macdonald: My honourable friend says that we can sit all next week. I doubt if he would be prepared to do that, after the Commons has finished its work. He does not mean it; he knows we cannot do it. He has brought this bill here at the last minute, when we can give it merely cursory consideration and cannot send it to committee. So what must we do now? Well, I do not feel that it would be the proper course for this house, with so small an opportunity for consideration, to refuse to pass the bill at this time. I think we should point out its weaknesses, and then lay it at the door of the Government, which will have to bear the responsibility for the results.

Honourable senators, for those reasons I do not intend to take too much time discussing the bill. It would be a futile effort at this late date. The sponsor referred at some length to the provisions with respect to appeals. Well, what do these provisions amount to for practical purposes? Let us say that when a shipment of goods comes into this country, the appraiser assesses the value, the deputy minister assesses the value, and there is an appeal to the Exchequer Court and to the Supreme Court. In the meantime the goods either rot or go out of style. There are few appeals. It takes so long to go through the procedure of appeal that in most cases the appellants get discouraged and either do not commence proceedings or withdraw. It is necessary to have provisions dealing with appeals, but they are not nearly as important as the main question of determining the value of imported goods for duty purposes. I feel that the change in the method of determining this value could have very far-reaching and harmful effects on Canada's trading relationships. As honourable senators know, Canada is one of many trading nations of the world coming under an international agreement known as GATT. The provisions for arriving at valuation under GATT are based on the recognized principle of establishing the fair market value in accordance with the price in the country of origin. As a matter of fact, since Confederation the principle of valuation in Canada has been based upon the fair market value of like goods when sold in the home market in similar circumstances. Now what are we doing? We entered into an agreement under GATT on the understanding that the fair market value would be the value of goods in the home market, but now we are cancelling the provisions of GATT in that

respect. There is going to be established a new method as to arriving at—I won't say the fair market value but the value for duty purposes. How is that value to be arrived at? First of all, I would point out that over the years the right of taxation has been inherent in the Parliament of Canada. Only Parliament has been empowered to tax. As honourable senators know, taxation measures are introduced in the other house, but before they are so introduced any honourable member there can rise and express grievance on any subject. Under the provisions of this bill, the Government of the day, the Governor in Council, which is the cabinet, can fix the tax and no one will be able to stand up in Parliament and express his grievance before the tax comes into effect. Why do I make this statement? No one can deny that under the provisions of this bill the duty on any goods entering Canada can be determined by the Governor in Council. And any duty is a tax. So we are turning over to the Government of the day the power to tax. I would refer the house to clause 39 in the bill, which has been read in part, but which I think should be read in full. It begins:

(1) Where the minister is satisfied that material injury has been or may be caused to any industry in Canada . . .

The sponsor read this part but he certainly did not stress the word "may". In other words, the minister does not have to be satisfied that material injury has been caused; he only has to be satisfied that material injury may be caused. The minister may not know whether any damage has been caused by goods coming into Canada, but if in his opinion damage may be caused to any industry in Canada, or any portion thereof, by reason of the importation of any new or unused goods or class of such goods at a value for duty less than the cost of production thereof, he may so report to the Governor in Council. Well, this is going to be difficult to administer. I don't know whether the minister will have made an inquiry prior to the arrival of goods but, in any event, if in his opinion goods are coming into Canada at a price less than the cost of production thereof, plus a reasonable amount for gross profit, and he thinks this may cause material damage to any industry in Canada, he may so report to the Governor in Council. That is, he reports to the cabinet, and the section goes on:

—notwithstanding anything in this act—

That puts out all these other clauses to which the honourable gentleman from Ottawa East (Hon. Mr. Choquette) referred. I will read this again:

—notwithstanding anything in this act, the Governor in Council may order that the value for duty for those goods or that class of goods shall be increased to an amount equal to the cost of production thereof plus a reasonable amount for gross profit, having regard to the gross profit generally earned in that trade in the country of export, to be determined in the manner prescribed in section 37.

Now, in spite of what the honourable senator said in introducing this bill, I would point out that section 37 states that when comparison for duty has to be made with similar goods, the value for duty—unlike the provision in the present act—is determined by the cost of production, plus gross profit.

The honourable senator from Gulf (Hon. Mr. Power) raised the question of the power of the minister to make an inquiry as to the cost of production in the country of origin, and the sponsor of the bill said the power was provided by section 40A(7)(c). But I would point out that section 39(1) provides that where the minister is satisfied that material injury has been or may be caused, then the minister may make this inquiry; he is not bound by the other sections of the act.

Now, honourable senators, the cardinal principle of valuation, which has been the principle of valuation since Confederation and is based on the fair market value of like goods when sold in the home market in similar circumstances, is being replaced by one based on cost of production plus profit or reasonable profit, and that long-established procedure is being replaced by the discretionary or arbitrary power of the minister to fix valuations. This gives the minister—the Government of the day—wide and arbitrary powers. The executive has taken far-reaching powers unto itself to deal with customs valuations. In other words, the taxation on imports is being turned over to the control of cabinet. I cannot see how a fair reading of this bill can lead to any other conclusion.

Honourable senators, although it has not been mentioned by the sponsor, this measure, as I understand it, is being introduced primarily to help the textile industry. Throughout the last election campaign the Prime Minister mentioned on several occasions—and I suppose in every textile town he visited—his intention to help the textile industry. I think we would all like to help the industry. We on this side of the house, I am sure, would do anything within our power which is fair to all concerned to help it. But is this bill going to help the textile industry?

I do not intend to delay the house on this point at length, but may I point out that a method similar to this was tried in 1930, when the Right Honourable R. B. Bennett headed the administration of our country. If honourable senators will look up the act of that day they will find that it is very similar to the proposed legislation. I do not need to remind

honourable senators of the dire consequences of that legislation, not only to the textile industry, but to all industry in this country. I feel that we are travelling on a dangerous path, and that before many years have passed we will find that this proposed legislation, instead of being beneficial to the textile industry, will be harmful not only to it, but to the industry of the country at large.

Honourable senators, one thing that bothers me about this proposed legislation is that it is apt to have a very serious effect on our international trade, especially with our neighbour to the south. The honourable senator from Ottawa East (Hon. Mr. Choquette), in speaking on the Customs Tariff Bill, quoted an editorial from the Ottawa *Journal*, which may be found on page 660 of Senate *Hansard* of this session. I thought it an excellent editorial, and I kept it, and have it before me now. The honourable senator pointed out how the United States was in many ways trying to develop trade with Canada by reducing its tariff on goods exported from Canada. If I remember correctly, he lauded the President of the United States for resisting the effort to increase the tariff.

Honourable senators, we know that this bill is going to have the effect of increasing the tariff on goods coming into Canada; it is taking just the opposite step that was taken by the United States. I will not take up the time of the house by reading the editorial to which I refer, but I point out that the honourable senator, having a few weeks ago praised the United States and said that Canada should go along the same way and improve its trading relations with that country, now comes to this house and presents a bill which is bound to have a detrimental effect on trade, not only with the United States, but with the rest of the world.

Oh, it was not so long ago that a proposal was made to divert—I think that was the word used—15 per cent of our trade with the United States to Great Britain or to the Commonwealth countries. Well, this bill, if its supporters still stand by it, cannot help that plan whatsoever, because the British preference is not exempt from the provisions of this bill. There is a reference in section 36 of the act to the British preference, but if section 39 is examined it will be seen that the countries which have the benefit of the British preferential agreement are not exempt, and goods coming from those countries are subject to the same provisions for taxation by the ministry as goods coming from any other country. Therefore, honourable senators, in this way we are nullifying to a considerable extent not only the agreement we have under GATT but also the agreement we have with Commonwealth countries.

What is the result going to be? Well, the day-to-day results might be something like this: you pay a visit to the United States and bring back goods. The appraiser will ask you, "How much did you pay for the goods?" You give the price you paid, and the appraiser will then say, "Oh, no, that is not the price we are going to charge you duty on; we are going to charge you duty on that price but we are also going to charge you a duty on what we think was the cost of production and what we think should be the gross profit on what you bought." Now, you know what you paid, so you will have to pay duty on what you paid, you pay duty also on what the appraiser thinks the cost of production should have been and also what the profit should have been. In other words, you do not know on what basis you are going to pay duty.

Now, that is a simple illustration of what is going to happen in the larger field in regard to goods coming into Canada. As I said at the beginning, honourable senators, this bill strikes at the very root of the principle that powers of taxation remain in the hands of Parliament. And from a practical point of view it is bound, at a time when all other nations are proposing to reduce their tariffs in order to develop trade, to increase our tariffs against countries, and this will cut into our trade. I say honourable senators, not only should the bill have been brought forward at a more appropriate time for discussion in this house, but it should not be brought forward at such an inappropriate time as now when we are almost on the eve of a commonwealth conference on trade.

Hon. R. B. Horner: Honourable senators, I want to make just a few remarks. I have no fault to find with the complaint of the Leader of the Opposition (Hon. Mr. Macdonald), about bringing this legislation to the house on the last day of the session. But I do want to complain, and I think most justly, that it was clearly unfair of him to refer back to the Bennett administration in the 1930's and to suggest that present conditions are similar to those that existed then. Honourable senators, I want to protest as strongly as I can against any such suggestion and to state that had we not had a man of the Right Honourable Mr. Bennett's ability at that time our institutions might not have remained sound down through the years. That they have done so was largely because of the foresight and ability of the late Lord Bennett. For the Leader of the Opposition to refer to a time when every country in the world was raising tariffs is, I think, unfair. Even now you have got to be in a position to be able to bargain. If

you have no base to start with, how can you reduce your tariff in order to attract trade?

Honourable senators, I rose merely to protest. I believe that the honourable Leader of the Opposition, who is generally fair, will regret having made his remark as to what took place in the 1930's.

Hon. Mr. Macdonald: I hope I said nothing against the late Right Honourable R. B. Bennett with respect to his ability and sincerity. I had a great respect for him, but I did not approve of those policies which he put into effect. I do not think any fairminded person can come to any other conclusion than that they were not in the best interest of the country.

Hon. Mr. Horner: They were quite unavoidable on that occasion.

Hon. T. A. Crerar: Honourable senators this bill which was explained at considerable length by our colleague from Ottawa East (Hon. Mr. Choquette) certainly cannot be regarded as a minor or unimportant measure. The honourable senator who introduced it made quite a lengthy explanation. He described the routine of appeals and all this sort of thing but he did not touch in the remotest way on the fundamental principle embedded in this legislation.

The bill is a very important bill. It may be, and many will agree with my statement, than in its underlying principle it is the most important bill that has come to this house this session.

Hon. Mr. Burchill: Hear, hear.

Hon. Mr. Crerar: And why do I say this? Because it provides that power hitherto exercised only by Parliament can be exercised under certain conditions by the Governor in Council. That is implicit in this legislation. There can be no question about it. Section 39, the proposed new section to safeguard against dumping, is away beyond anything we have ever had in our law in the past in that respect, excepting possibly the measure that was introduced during the late Lord Bennett's régime.

Hon. Mr. Brunt: May I ask the honourable senator just one question, and I am asking it for information. Does he know of any state whereby anti-dumping legislation can be enforced? I am just asking this question for information. I have been sitting here thinking of how Parliament could administer anti-dumping legislation.

Hon. Mr. Crerar: Well, we had dumping legislation in this country since 1898, when it was first introduced, and the principle upon which it was introduced governed the application of the law for almost 25 years. This is not a new thing. Of course this anti-dumping principle, I am bound to say, was invoked by the Liberal administration as well.

The first departure in that respect was made in 1922 when the late Mr. Motherwell who was Minister of Agriculture in the new administration that came into being after the election of 1921 and who, by the way, was a militant freetrader in Saskatchewan, fell under the spell—and how capable some people are of exercising their spells—of certain fruit and vegetable men. He introduced, or had the Government introduce, a provision that on fruits and vegetables, for a limited time in the year, the Governor in Council could fix valuation for duty purposes; but it was only a very limited application, and for a limited time.

If I may make a confession, I was a member of the House of Commons at that time; my honourable colleague from Gulf (Hon. Mr. Power) was also there.

Hon. Mr. Aseltine: Did not the honourable senator a few years ago introduce a similar measure in this house, or vote for it, giving assistance to the textile industry? I remember speaking on it and accusing him of changing his ideas from free trade to protection. I will look up the reference.

Hon. Mr. Crerar: Had my honourable friend possessed his soul in patience for a few moments longer, I would have arrived at that point. I recall speaking in 1922 against that legislation. And since one's memory is always fallible, I took occasion to look up the *Hansard* of that debate. I found that the most searing denunciation of the principle came from the Right Honourable Arthur Meighen, who was then leading the Conservative party in the House of Commons. If my honourable friend the Leader of the Government (Hon. Mr. Aseltine) wants to get some ideas of what effective leadership is, I would commend him to read that debate.

Then came 1930, and a similar provision was placed in the law by the Bennett administration. That remained in the law. It was there when the first trade agreement was negotiated with the United States—I believe it was signed early in January, 1936—and an undertaking was given by Canada to the United States that that provision would not apply against their goods coming into Canada under the agreement. The law remained there; it was never invoked, and it was finally eliminated during the proceedings leading up to the GATT treaties. That is briefly the history, honourable senators. There are one or two other exceptions; there is the one my honourable friend mentioned. I don't care whether a proposal of this kind

comes from a Liberal Government or a Conservative Government, it is unsound in principle.

Hon. Mr. Aseltine: We don't live in a free-trade world.

Hon. Mr. Crerar: A free-trade world has nothing whatever to do with it. The principle is this: is Parliament to be supreme, or is its power to be gradually whittled away and centered in the executive? It is that principle which for a few minutes today I wish to discuss. I am not going to discuss the effect these changes may have on our trade. I am afraid they may be serious in this respect, that at a time when the world, the Western world at any rate, seems to be moving to a freer trade among themselves, we are sort of indirectly serving notice on them that we are going to look after our own commerce.

But my specific objection to this legislation, let me repeat, is the principle implicit in it, and which was not discussed by the honourable senator who sponsored the bill. My objection is that in substantial measure it takes from Parliament the inherent power of taxing, and centres it in the executive, or gives the executive the power to operate it. That cannot be denied.

Hon. Mr. Brunt: Would the honourable senator—

Hon. Mr. Crerar: Perhaps my versatile friend from Hanover (Hon. Mr. Brunt) can do it.

Hon. Mr. Brunt: I am still your friend. Would the honourable senator support the legislation if it was being enforced by Parliament rather than by the Governor in Council?

Hon. Mr. Crerar: My point is this: if the textile industry needs more protection—and personally I do not favour it, though I may be wrong—let the Government bring in an amendment to the Customs Tariff, and let everyone see it, and Parliament will be exercising its power. But in this legislation everything comes under this arbitrary power. For instance, agricultural implements come into this country free of duty, but if the minister is satisfied that material injury has been caused or may be caused—indeed, if he suspects it may be caused—this section 39 may be invoked to put a duty on agricultural implements. My honourable friend will not deny that—he can't deny it.

Hon. Mr. Aseltine: I don't agree with that.

Hon. Mr. Crerar: In other words, on the whole range of imports into this country, irrespective of what they may be, section 39 can be made to apply. That is a centralizing of power in the executive that is unparalleled in the history of this country.

There is today, or has been, a good deal of criticism from time to time about Parliament losing its authority. A feeling has been developing in this country that Parliament counts for very little and that the real source of power is the cabinet. Now, that is dangerous.

I am bound to say that the Prime Minister has on many occasions spoken of this tendency and this danger. No one spoke more loudly against the degradation of Parliament, against the whittling away—those were the words used—of the powers of Parliament, than did the Prime Minister prior to the election in 1957. I have not the slightest doubt that some of my honourable friends opposite, who may have taken part in that election, also emphasized that.

I say now quite frankly, that there has been a loss of respect for Parliament in this country. I say quite honestly also, I was one who hoped that the Prime Minister, when he came to office, would be able to stem that and restore the authority and prestige of Parliament as it had been in the old days. But what do we get? We get this Bill C-51 brought in in the dying days of the session, sponsored by a Government that denounced time and again the whittling away of the authority of Parliament.

This bill, obviously, is one which should not be brought to us at the end of the session. In the Speech from the Throne, nearly four months ago, announcement was made that it was to be introduced. Time passed; the Government did not introduce it, although it was on the Order Paper for weeks, even months. As my honourable leader (Hon. Mr. Macdonald) asked, why was it not introduced and passed in the other house, so that we could have had it before us, could have sent it to committee, could have examined the reasons why, and heard the minister in the committee? What happened? It was brought into the Commons a few days ago, was discussed, though not for a long period, and comes to us at 10.30 of the clock on the morning of the day on which Parliament is expected to prorogue. It is said that the Senate could continue to sit. That is true. We could keep Parliament in session, and I am not sure that we should not do so and deal with this measure properly.

I wish to register my protest against the present procedure. If the bill was more or less of the type of inconsequential legislation, not very important in principle, not requiring from Parliament a great deal of concentrated attention, there would be no objection to the bill being brought in on the last day and then expedited, if it was desired to conclude the sessional work. But this is a bill which could fundamentally alter the whole basis of the application of our tariff.

That being so, it is important legislation, and should not be thrown at this house in the last hours of the session. We cannot send it to a committee, though if there ever was a bill which has come before us this year that should have gone to committee for scrutiny, this is it.

I do not like the present method of conducting our affairs. It was said by the gentleman who, over 90 years ago, gave us our constitution, that the Senate was to be a place for reflection, that here we should take a sober second look. These were the words, may I remind my honourable friends opposite, of their great leader, Sir John A. Macdonald. Here, it was said, we were free from the contentions of the Commons. Here we could exercise an objective approach to legislation, and consider it in the calmness and serenity of this environment. To send this bill here at this hour makes a complete travesty of what was intended by the Fathers of our Constitution—a complete travesty. Where, in this matter, are we going to end?

I do not know how far the Government may apply the new powers which are conferred on it under section 39. I hope it will use them very sparingly indeed. But, as I survey the events of the last few years, when I take notice of the Government's course since it came into power, I am bound to say that I have no great faith that it will exercise discretion and judgment and fairness in the operation of the extensive powers which are created for it by this legislation, and which, I maintain, are in principle wholly wrong.

[*Later:*]

Hon. Mr. Crerar: Honourable senators, I wish to correct an error in the remarks I made before we adjourned for lunch.

Hon. Mr. Macdonald: It is an unusual occurrence for the honourable gentleman from Churchill to have made an error.

Hon. Mr. Aseltine: I concur.

Hon. Mr. Crerar: It is very kind of the honourable leaders to make that observation. The bill is an involved and complex one. This morning I stated that the powers under section 39 could extend to the fixing of duties on goods that are now free. I was incorrect in that. Duty-free goods cannot be affected by this legislation, because what this legislation does is to give power to fix valuations, not to establish new rates of duty. Being a very modest individual and always desirous of being right in the statements I make to the house, I wish now to make that correction. I do think, along with honourable senators, that we had a very short time to try and master the purpose of a very complex bill.

Hon. Mr. Aseltine: You cannot make another speech now.

Hon. Mr. Macdonald: You can be generous the last day.

Hon. Mr. Horner: Oh, yes, go right along.

Hon. Mr. Crerar: If I can get a chance to resume, I will say that that is the explanation for my failure to thoroughly grasp this point.

Hon. William M. Wall: Honourable senators, on a point of information: I shall be speaking for about half an hour, and I do not know what the order of debate is to be.

Hon. Mr. Aseltine: Go ahead.

Hon. Mr. Wall: Honourable senators, it is not my purpose or intention to delay the passing of this very important bill which the Government appears determined, shall I say, to rush through, at this late stage, as the honourable Leader of the Opposition (Hon. Mr. Macdonald) has said, at the twelfth hour of the terminal dying days of the current session. But having said this, I feel that I must not default upon what I consider to be my obligation to make certain observations and to ask certain questions, the answers to which will enable me to clarify my thinking. For I must admit, sincerely and candidly, that I need further explanations concerning the basic purpose or, shall I say, the primary Governmental intent with respect to this bill, and I need additional indications of exactly how it is supposed to work in actual practice.

As I picked my way through a veritable forest of carefully collated words, which I received this morning but which I had read previously, all very expertly drafted in legalese terminology, and not being an expert on tariff schedules or tariff valuations, I tried to search for basic meanings and purposes. I asked myself, for example, what the new or additional administrative powers vis-à-vis valuation for duty purposes mean exactly, and how the residual, last resort powers to do just that under the present act do not meet our emerging needs—to prevent, as I understand it, discriminatory and injurious dumping practices by our international trade partners. I asked myself whether there is any danger that the changes in valuation principles might conceivably reintroduce into our customs administration the flavour of selective and even punitive discrimination. I asked myself, as did the honourable Leader of the Opposition (Hon. Mr. Macdonald), what effect the administration of these new powers is likely to have upon trade. I asked myself if there was something that was left unsaid in this legislation and if indeed we were interested in protecting the textile industry and, if so, whether that should not have been done by amendments to the Customs Tariff

Act, as was stated by the honourable senator from Churchill (Hon. Mr. Crerar).

So I went for guidance to experts, and I searched for guidance by reading a very current authoritative essay in tariff technology entitled *Customs Administration in Canada,* written by Professor Gordon Blake. The essential basic character of the present bill deals with valuation, and Professor Blake devotes the whole of chapter 8 of his essay to this subject. On page 94 he writes:

> The fundamental problem of customs administration in Canada is unquestionably valuation, and its consequences are felt in all sections of the economic community which come into contact with the tariff itself.

Further on he states:

> It is true that for the most part the provisions go to the market place in search for this value, but the care that is taken to describe and circumscribe the market indicates that what is really being attempted is the legal determination of price.

I do not propose a statutory determination of price, but as one reads the bill one wonders what is meant by the arbitrary discrimination of price that will be in effect under ministerial jurisdiction, subject to no appeal. It is true, as was mentioned by the sponsor, that from the days of Confederation valuation for duty has been essentially based upon the concept of the fair market value thereof in the principal markets of the world whence the same were exported directly to Canada. It is also true, as the honourable gentleman from Churchill (Hon. Mr. Crerar) has stated, that in the 1920's and again in the 1930's this basic concept was diluted or abridged and we had changes and, as this treatise says, in the 1930's this concept was revised in order to define the market more precisely and to introduce a new cost of production criterion, which is exactly what we are dealing with now.

Then the author discusses anti-dumping practices and the law. This is the opinion of an expert who has given a lot of thought to these problems. Dealing with changes to this cost of production plus profits concept, which is now being introduced, the author states, on page 99:

> An enormous increase in the power of the Minister of National Revenue over the tariff, and a concomitant decline in the power of Parliament, resulted from the legislation of 1930.

Then it says:

> These several provisions of the Customs Act, along with the one section of the Customs Tariff Act, when viewed as they stood in 1933, represent the high point of administrative protectionism in Canadian economic history. Since that time there has been a slow return to some kind of "normalcy," with a gradual whittling away of those features which have been most difficult to defend in the light of Canada's position as a trading nation.

In view of this expert historical verdict, I then read the *House of Commons Debates* and I strove especially to arrive at future implications of this amending legislation. I attempted to ascertain this from the minister's brief statement on second reading, which has been supplemented very well by the remarks of the sponsor of the bill (Hon. Mr. Choquette) in the Senate this morning. But as I read the minister's statement I was quite frankly lulled into a kind of semi-mesmerized state of acquiescence. For what did the minister say? He said there was want of certainty as to the true meaning of some phrases, and that there was a need for clarifying and rendering beyond question the meaning of the provisions which have been given difficulty, and that the cardinal principle of valuation which has been in effect since Confederation, and which is to continue to apply, is to continue to be based upon the fair market value. But when I read the carefully drafted phrases in the bill itself, and when I noted the new sections 36, 37, 38, 39, 40 and 40A, my feeling of security began to be racked by serious doubts, and I fell prey to feelings of consternation and fear—fear of what appears to be left unsaid and therefore unknown. What real purposes, I asked myself, are to be attained by some of the provisions in this bill? Note what the minister's statement would have me believe: that there was a want of certainty, that there was a need for clarification of meaning and the need to regroup certain items. It is all ostensibly so simple and so lullingly sweet in its apparent reasonableness and historical continuity, and yet all my formative learning and former experiences during the late twenties and early thirties were, I must admit, frankly oriented to freer trade and toward lowering trade barriers.

All these things prodded me into a state of alertness to danger, especially when I note that valuation practices are to become more subject to administrative action which is to me the fruit of procedures and measurements, which simply cannot be subjected to any valid workable objective assessment. It is this alerted uncertainty which prompts me to plead for further explanations, and I am going to pose to the honourable sponsor of the bill a series of questions as I go along. These questions I feel I must ask so that I may the better understand exactly what the bill means, what it is supposed to do, what present difficulties it is supposed to overcome that the present act cannot cope with, and exactly for what specific purposes it is supposed to be used, as together we face the problem of increasing both our export and our import trade, especially with our trading partners of the free world, and most especially

with our trading partners of the commonwealth. This alertness to uncertainty about intent and eventual practices bringing perhaps a larger measure of unwarranted and undesirable protectionism was aggravated when I referred to the budget speech of the Minister of Finance. I do not want to quote from his speech now, but he intimated that changes had to be made in valuation provisions and that Canada was going to adopt, where appropriate, the principle that the value for duty of imported goods shall not be less than the cost of production, plus a reasonable advance for selling costs and profit.

Now, before I pose the questions which perturb me and distress me, let me hasten to add that I recognize the good points of this amending legislation. I am not an expert on appeals, and I notice the honourable Leader of the Opposition (Hon. Mr. Macdonald) made reference to the laborious way in which appeals have to be lodged, and to the fact that therefore appeals are not lodged as often as might be expected. But if the bill, I believe under section 2, straightens out the appeal procedures and makes them better, well, certainly I am the last one in the world to feel that should not be done. I notice that one of the sections dealing with appeals concerns salacious literature, and I hope that this little beginning will help with what is a serious but a different problem of very deep concern to many Canadians.

Now the questions:

In what respects, I would humbly ask, does the present act in its statutory and attendant regulatory provisions fail to meet adequately our emergent problems with respect to unfair and discriminatory dumping practices? Has a case been made to this house that the present act does not function well in that regard? Section 38(1) now provides certain arbitrary powers for arriving at an estimated fair market value. So, I ask, has a case been made for amending this present legislation on the basis of proven and documented inadequacies of this legislation with a view, as I see it, of extending by the new act the privileges of the minister and of the executive to fix values for import duty purposes?

Further, has a case been made to prove to us the present necessity of making changes which could be interpreted as a violation of our international commitments under GATT, to which we are a signatory, and whose importance need not be documented here?

Would, therefore, the sponsor of the bill assure this chamber that the changes in the bill, setting up what in effect are alternative and not residual or last resort statutory validated administrative powers, based on the concept of cost of production, plus gross profit, are not contrary to our solemn obligations to which we subscribe under GATT?

I do not want to talk about the preamble of GATT. I do want to point out that articles VI and VII of GATT established the principle of fair market valuation, and that article XIX permits arbitrary valuation for exceptional purposes only; and I want to point out that on December 16, 1953 the former Prime Minister of Canada, the Right Honourable Louis St. Laurent, as reported on page 976 of *Hansard* in the other place, said:

> Our interpretation of our obligation under GATT is that we cannot resort to the cost of production price if there is another way of determining what is the fair market value. It is only when we are prevented from using other ways of determining the fair market value that we feel that under GATT we can resort to investigation of the cost of production.

Now I should like to return to the considered statement of Professor Blake, given on page 110 of his study, where he says:

> This cost of production basis for valuation is not specifically acknowledged as valid by Article 7 of the agreement.

That is the GATT agreement.

> It is in fact not mentioned at all. However, in the Customs Act as revised this basis of valuation has been relegated to a minor position.

My contention is, if I may digress, that this basis of valuation according to cost of production, plus profit, is not now being relegated to a minor, subsidiary, residual, or last resort position. The author continues:

> It is one thing to prescribe the cost of production criterion as a residual method of finding value after other means have failed. It is quite another to retain it as an overriding criterion of fair market value. The wording of the old section 36 provided that the value for duty shall in no case be less than the actual cost of production of similar goods, . . .

So I would plead with the honourable sponsor of the bill: can he give us some other authoritative statements which will substantiate the opposite opinion that in fact the present bill does not abridge or does not contravene the GATT agreement?

Further, would the sponsor of the bill reassure this honourable house about the far-reaching powers contained in sections 37, 38, 39, and 40A(7)(c) especially? Honourable senators will notice the basic clause dealing with valuation for duty, section 36, is subject to section 38. And section 37 says, "subject to section 38". In other words, all those clauses appear to be subsidiary to or in a different position than section 36, which should be a primary section.

Can the sponsor of the bill assure us that sections 37, 38, 39, and 40A(7)(c) especially

are to be used only in rare and exceptional cases, in a residual and last-resort manner and not as a regular alternative, which presumption or assumption—take your choice—may be made as one reads the pertinent clauses of the amending bill, and I am not going to read them at this point?

Further, would the sponsor of the bill define in more or less categorical terms what is meant by "cost of production", by "reasonable margin of profit", explaining more or less specifically what realistic and tested procedures are to be used in arriving at reasonably objective measurement standards which may be subjected to the test of fairness and equity?

In this connection the honourable senator told us and assured us that this adjudicated measurement is to be obtained from the producers or manufacturers where such goods originate. We welcome this assurance and we appreciate his further assurance that this information will be ascertained and collated so that it may be subjected, if I understand him correctly, to the test of fact by those who may feel unjustly treated.

I trust I am correct in this, because the answer to this very practical question would enable me to judge more adequately whether these concepts of the cost of production and reasonable gross profit add to or detract from the principle involved in this legislation.

I have in my hand an article by Grant Dexter of the Winnipeg *Free Press,* which I shall not read, in which he tries to assess the practical explanations of this test for cost of production plus fair profit as a criterion for dutiable values, and he gets himself into a state of mental indigestion wondering how all this is going to work.

I do not like to digress but I do want to say this, that it appears that once again we are fighting the battle of two opposing concepts of dumping. We seem to be at grips with a basic controversy which has a history of over half a century.

What exactly is dumping? I ask myself these questions: Is it the sale in Canada of goods and products imported at a price lower than the fair market value in the country from which these goods or products came, or is it the sale in Canada of goods and products at a price lower than the cost of production plus a reasonable amount of selling costs and profits in Canada proper?

The former definition appears to be basic to the whole theory and practice of the international exchange of goods and has been generally accepted by the trading nations of the Free World. Its acceptance has been validated by article VI and article VII of the General Agreement on Tariffs and Trade.

Hon. Mr. Dupuis: May I ask the honourable gentleman, is it not to be understood that dumping is the selling of surplus goods by the country of their origin in foreign countries, particularly in Canada, at a lower price than it costs to purchase them in the country of origin?

Hon. Mr. Wall: I would say yes, but I am asking myself that question because of the fact that I am not clear as to the intent of the provisions in section 39 of the present bill. I am just cogitating, as it were. If I may continue:

Its acceptance has been validated by articles VI and VII of the General Agreement on Tariffs and Trade, with a protective last-resort escape clause for use in exceptional cases. This is article XIX, which permits arbitrary valuation to meet exceptional and abnormal trade situations. The experience of time has cemented my belief that tariffs should be imposed on values which reflect actual market prices which can be decided by assessing what is a fair market value in the country where such products and goods originate.

The fairness of such market values may be adjudicated by reference to the values on the principal markets in the country or countries of origin. These prices are matters of public record—store prices, prices advertised in newspapers. These prices may be verified by our customs officials and can be subjected to the test of fact. In case of dispute one can find objective validation for these facts for appeal procedures.

It appears that this basic and accepted principle of fair market valuation is being undermined and diluted by the present amending legislation.

The latter definition, to which the present Government apparently subscribes, if not overtly then indirectly, may have something to do with the arbitrary valuation features of the present bill, and I should like to refer to rather significant statements of Government policy which give us some clues to what may be the basic principles we are dealing with in the amendments to the Customs Act, and I ask myself how am I to interpret the Government's basic intentions when I read these statements in the Budget Speech. I quote:

> The present dumping duty section of the Custom Tariff together with the valuation provisions of the Customs Act are adequate to deal with some forms of dumping.

Now please note it does not say "most", it just says, "some", that is, a few forms of dumping.

I continue:

> 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.

And secondly, and I quote again:

The Government intends to defend Canadian producers against the practice of dumping, whatever form it may take.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Wall: The minister continued:

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 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.

That is the specific issue, it appears to me.

I continue: Would the sponsor of the bill care to comment upon the fact that section 38, subsection 1, of the present act, which grants certain arbitrary valuation powers, but excludes from such administrative valuation goods entitled to entry under the British Preferential tariff, or any lower tariff, appears to be changed by the intent of section 39, which seems to make no similar exemption for goods entering under the British Preferential tariff, or which makes it possible to circumvent such an exemption? While the present bill makes no similar exemption, it makes it possible for the Governor in Council to erect further barriers based upon more arbitrary, because administrative, valuation against goods imported from commonwealth countries. I do not wish to document this question further.

Would the sponsor of the bill give additional information to this chamber so that I, for one, may know more about the historical background of legislative changes which may be akin to this one? We have, apparently, tried before this kind of semi-arbitrary and partly *ad hoc* administrative valuation based upon the rather intangible and largely unmeasurable principle of cost of production, plus reasonable margin of profit. My understanding is that the overall results of these experiments in larger measures of protectionism were not particularly equitable or desirable. Now, perhaps there are valid data to disprove this expert verdict.

I now wish to quote from the textbook *Tariff Procedures and Trade Barriers,* by G. A. Elliott, beginning at page 187, and dealing with the former historical experiment in this cost of production, plus reasonable profit formula. The author states:

That Canada's methods were effective in obstructing trade is attested by the complaints of British and foreign exporters and of Canadian importers; by the reports of a Canadian Royal Commission and of the United States Tariff Commission; by the pains taken to obtain concessions for Empire goods at the Ottawa Conference and by the fact that the Government was able to pacify Canadian manufacturers while making concessions; by the United States' threat to exclude Canada from the benefits of the earlier treaties under the Trade Agreements Act; and finally by the provisions of Canada's trade agreements with the United States in 1935 and 1938.

Perhaps we can be told of other basic evidence by experts who have studied these problems in the past, which will in effect negate the critical statements which were made by Professor Blake and Professor Elliott concerning former experiments in this regard.

Would the sponsor assure this chamber that this measure does not seriously affect or dilute the powers of taxation, which are the explicit prerogative of the Parliament of Canada—for most certainly, one of the ways in which we can affect the burden of custom taxes payable, besides the rate which is set by statute, is to make changes in the valuation placed upon the goods to which the statutory rate is being applied?

I refer honourable senators again to the authoritative statements of the witnesses I have previously called, Professor Blake and Professor Elliott.

Is there any justification for my fears, and the fears of many other Canadians, that the valuation component of the tariff, which is a tax, is, in part, being taken away from Parliament and being vested in the Governor in Council, the minister, and finally the customs department? Would it be true to infer that the amount of the cost of production, plus the selling costs and profit, may be what a customs auditor or other official declared it to be, giving such officials a discretion not possible if the test were fair market value determined on the open markets of public record? Have I any cause for alarm that tariff protection could become a favour to be granted by Government at its discretion, and not by statute to be enacted by Parliament, the practical application of whose statutory provisions could be and would be subjected to public examination, public review and adjudication by the Tariff Board?

I note what the honourable Leader of the Opposition (Hon. Mr Macdonald) had to say, and I paraphrase his remarks: No one can deny that the powers to fix duties—and duties are a tax—are being placed in the hands of the minister and cabinet, and by this token are taken away from Parliament itself.

I am going to go further than the honourable senator from Churchill (Hon. Mr. Crerar), and quote the words of a very distinguished Canadian. Indeed, I was not going to disclose his name, but he is known to all honourable

senators. I refer to the Right Honourable Arthur Meighen, on an occasion when he objected to an amendment to the Customs Act authorizing the Government to fix arbitrary valuations for duty purposes on a few natural products, chiefly fresh fruits and vegetables. On that occasion, long ago, he said:

> There should never be an unrestrained discretion in the hands of any minister or any Government. There should be some principle laid down by the house by which the Government must abide, and beyond which they cannot go. That is sound, sensible legislation. That is the protective principle democratically and fairly applied. What is proposed here is the protective principle autocratically and perhaps unfairly applied. This is protectionism personified.

And later:

> For the purposes of valuation, the minister can fix the value where he likes, on any principle he likes, to suit any interest he likes . . . as high as he likes, and when he likes. In a word, this simply puts into the power of the minister the whole elevation of the tariff of this country.

I am afraid that perhaps something like that may be happening now. I am perturbed by fear and by uncertainty. May I request the honourable senator who introduced this bill, or indeed any other honourable senator who can shed further light upon this apparently controversial problem area, to explain to me so that the uncertainties I voiced through the medium of my questions may be clarified, and so that I may be persuaded that all these amendments will bring to the welfare of the Canadian people the beneficial contributions which will justify acceptance of this significant piece of legislation?

Because the application of this legislation is national and general, rather than regional, can I get further elucidation to enable me to judge how the amendments, especially those affecting valuation procedures in order to arrive at some objective measurement of dutiable value, will affect the economic well-being of the average citizen of—and because I come from Manitoba—the province of Manitoba?

Hon. G. Percival Burchill: Honourable senators, I move adjournment of the debate.

Hon. Mr. Aseltine: I propose to make a motion that we adjourn during pleasure, to reassemble at the call of the bell at approximately three o'clock. Then the debate will be still open. If it is adjourned now, it might have the effect—

Hon. Mr. Connolly (Ottawa West): You would lose the bill!

Hon. Mr. Aseltine: —of it going over until next week.

Hon. Mr. Macdonald: I thought you wanted to do that.

Hon. Mr. Burchill: All I want to do is to say a few words on this bill before it is passed.

At 1.20 p.m. the sitting was adjourned.

At 3 p.m. the sitting was resumed.

Hon. G. Percival Burchill: Honourable senators, I have just one or two observations to make on this bill. First of all, I thoroughly agree with the honourable leader on this side (Hon. Mr. Macdonald) that this is one of the most important pieces of legislation to come before the Senate during this session.

Hon. Mr. Aseltine: Are they not all important?

Hon. Mr. Burchill: Some are more important than others, and I share my honourable leader's regret that we were not afforded an opportunity to give the bill the study it merits. Although I am a member of the Senate I want to pay tribute to our standing committees, which I think have done a grand job on legislation that has come to them from the House of Commons.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Burchill: I do not think the Senate need be at all ashamed of its performance, particularly in committee. Some excellent speeches have been delivered in this chamber, speeches that the people of Canada should know more about. However, I wish to make particular reference to the good work done by the Standing Committee on Banking and Commerce and the Standing Committee on Transport and Communications.

Honourable senators, what I want to say about this measure is that if there is any one lifeline upon which the economic life of Canada depends at this time, in my judgment it is on our export trade. If Canada faces any economic danger today it is that of pricing our export goods above those of world levels. As a manufacturer and an exporter, one who is employing Canadians in the export of manufactured Canadian articles, I speak whereof I know. It is a real struggle today to manufacture articles and produce them in the face of world competition. World trade is not a one-way street, it is a two-way street, and if we want to sell our goods we also have to be prepared to buy from other countries. Before I deal more specifically with that point I would warn the Senate that Canada faces the threat of an invasion, not of bombs and shells, but an economic invasion of low-priced goods from European countries. Do not let anybody run away with the idea that

European merchants cannot produce satisfactory goods more cheaply than we can in Canada.

I dare say his Honour the Speaker, who has just returned from the World's Fair at Brussels, will support me in this statement. He has seen, although he has not told me so, as others who attended the Brussels Exposition have told me they saw, what is being produced in Europe and will be offered in the world markets—of which, Canadians, please take note. I think that in Canada we must consider ways and means of producing goods in such a way and at such a price that we can sell them in the markets of the world. Let us never forget that, because while some countries today are suffering from a scarcity of goods of the kind that people need, and which make a nation prosperous, Canada is suffering from an abundance of those goods. I do not know which is worse. There is a surplus of wheat in the west, we have too much newsprint, too many base metals; we have too much lumber in New Brunswick, too much coal in Nova Scotia, and too many potatoes in Prince Edward Island. The problem before us today is to find markets to dispose of these goods. Any measure passed by Parliament which stops or restricts the flow of trade on that two-way street may be regarded as vicious legislation. If Canadian manufacturers are not sufficiently protected against dumping by the legislation which is already on the statute books, then God help the army of consumers in this country, of which I am one, if they require a measure of this kind to protect them. I speak as one of those consumers from a province that has to buy from and pay through the nose to the Canadian manufacturers for everything we consume.

For these reasons, honourable senators, I am opposed to this legislation.

Hon. W. M. Aseltine: Honourable senators, I intend to make only a few remarks in connection with this bill.

I hope there was no suggestion in the remarks made by the honourable Leader of the Opposition (Hon. Mr. Macdonald) this morning that I have been holding back legislation and trying to rush it through at the last moment.

Hon. Mr. Macdonald: I assure the honourable Leader of the Government that there was no such suggestion, and I did not think even his imagination was strong enough to go that far.

Hon. Mr. Aseltine: Except for two or three emergency measures which came early in the session, I have tried to give honourable senators plenty of time to deal with every bill, and I hope I have had some success. We have referred many measures to our committees, which have done valuable work, as has just been said, and I have tried at all times to see that there was opportunity for ample consideration. I would like to say that in the nearly 25 years I have been a member of this house I cannot remember any occasion when some important legislation did not remain to be dealt with in the dying moments of the session.

Hon. Mr. Macdonald: Just the Appropriation Bill.

Hon. Mr. Aseltine: Honourable senators, all legislation is important. My attention has just been called to the fact that the Combines Investigation Bill was brought in on the last day of the session in 1951. I am quite sure, honourable senators, that if you will look back, you will find—

Hon. Mr. Macdonald: We will agree—once every seven years.

Hon. Mr. Aseltine: Well, we won't deal any more with that.

Honourable senators, I would just like to say that this measure was forecast in the Speech from the Throne. It was on the Order Paper in the other place for more than a month, and the bill has been in the hands of senators for some time. Therefore we can hardly say that we have been taken greatly by surprise. I do not intend to speak at any great length. I would point out that the bill is intended to implement the policy announced during the last election and later on in the Speech from the Throne. It was designed principally to deal with dumping, which cannot be dealt with by an amendment to the Customs Tariff. At any rate, I do not see how it could be successfully handled in that way, or it would have been done in that manner.

Hon. Mr. Crerar: May I observe that it has been handled for 25 years in this country in that way?

Hon. Mr. Brunt: Just on specific items.

Hon. Mr. Aseltine: Satisfactory dumping legislation requires that action be taken very quickly in order for it to be effective. I think honourable senators will agree with that statement. Action cannot be postponed in order to put legislation through. This measure is intended to be used in only a limited way, in emergency cases. Perhaps I should refer to an example which comes into my mind. Suppose, for example, a manufacturer in the United States manufactures 500,000 pairs of shoes, but knows he can only sell 400,000 pairs in his own market. He manufactures the extra 100,000 pairs of shoes in order to keep his men at work, and he knows that on

the sale of his first 400,000 pairs he will make a good profit on the whole transaction. What, then, does he do with the other 100,000 pairs of shoes? He probably sends half of them to England, maybe sending the other half to Canada, where he expects them to be sold at about $5 a pair, although manufacturing cost was $10 a pair and he was selling them in the United States at $15. What are we going to do to handle that situation?

Hon. Mr. Crerar: They could not be imported into Canada under our existing dumping law.

Hon. Mr. Macdonald: As was suggested by the honourable senator from Churchill (Hon. Mr. Crerar), doesn't our present legislation prevent importation of shoes under the circumstances he has mentioned?

Hon. Mr. Aseltine: I just used that as an example of a commodity. I am not referring to shoes exactly. It might be any article.

Hon. Mr. Macdonald: Well, the present legislation provides for that.

Hon. Mr. Crerar: This legislation is not necessary in the instance the honourable Leader has given.

Hon. Mr. Aseltine: Well, at any rate it will not have any far-reaching effect on our trade.

Hon. Mr. Macdonald: I would remind the Leader of the Government that legislation which provides for that situation was opposed by him when it was introduced in this house.

Hon. Mr. Aseltine: I doubt that.

Hon. Mr. Macdonald: I am quite sure.

Hon. Mr. Aseltine: I would have to have concrete evidence of that.

Hon. Mr. Macdonald: Just read *Hansard* and you will have it.

Hon. Mr. Aseltine: I was just saying I cannot see how this legislation will have any far-reaching effect upon trade or that it is intended to or will affect the British Preferential Tariff. The bill, moreover, provides certain bargaining possibilities. I would like to say this, that the Government will have to stand or fall on this legislation. It is its responsibility.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Aseltine: We do not live in a free trade world and I do not know how dumping could be seriously controlled in any other way.

That is all I have to say at the present moment, honourable senators.

Hon. Mr. Choquette: Honourable senators,—

The Hon. the Speaker: Honourable senators, if the honourable senator from Ottawa East (Hon. Mr. Choquette) speaks again in this debate his remarks will have the effect of closing it.

Hon. Mr. Connolly (Ottawa West): Honourable senators, there were some questions that were asked and I wonder whether if arising out of the answers there are some remarks that some of us might want to make. The honourable senators who are interested might make those remarks and then perhaps the honourable senator from Ottawa East might close the debate. Would that be satisfactory?

The Hon. the Speaker: Honourable senators, I would suggest that the honourable senator from Ottawa East (Hon. Mr. Choquette) start by answering the questions put by the honourable senator from Ottawa West (Hon. Mr. Connolly) and the honourable junior senator from Winnipeg (Hon. Mr. Wall), to permit those honourable senators to make additional remarks if they wish, and he could then close the debate.

Hon. Mr. Choquette: That is quite agreeable, honourable senators.

I will deal with the questions that were asked in the same order as they were asked. First were those asked by the honourable senator from Ottawa West (Hon. Mr. Connolly).

The first question was: "Is there any set rule as to which test or rule must be applied in the case of like goods and similar goods?" The language of the statute indicates when section 36 shall apply and when section 37 shall apply. If the goods are like goods, and all the criteria are met, section 36 is to be used. If the goods are not like goods but are similar, the language of 37 requires its use. This principle is in accordance with GATT: like goods are to be valued at the home market price, similar goods are to be valued at the nearest ascertainable equivalent.

The second question put to me by the honourable senator concerns an explanation as to lines 3 and 4 of section 40A(7)(c), page 6 of the bill. Lines 3 and 4 were introduced in 1932 in pursuance of the provisions of fair trade agreements concluded at the Imperial Economic Conference and have been in the law since that time. We are merely continuing the provision, which is part of section 38 of the present act.

I think those were the two questions put to me by the honourable senator from Ottawa West.

The honourable Leader of the Opposition (Hon. Mr. Macdonald) asked two questions, one referring to the proposed section 39, and in particular the words, "Where the minister is satisfied that material injury has been or may be caused..." I think the honourable senator took exception to the words "may be

caused", because his contention was that it would be difficult to decide when and whether injury may be caused. This language was taken from GATT, article VI, paragraph 5, at page 12, which reads:

No contracting party shall levy any anti-dumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry.

Hon. Mr. Macdonald: My point was as to the procedure for arriving at the basis of valuation in a case where injury may be caused. That does not answer my question.

Hon. Mr. Choquette: I am sorry, I misunderstood the question.

The second question was with regard to excluding British Preferential goods. The answer is, if we were to exclude British Preferential goods from the operation of section 39, we would be discriminating between countries, which is contrary to the principles of GATT.

The honourable junior senator from Winnipeg (Hon. Mr. Wall) asked a series of questions. The first question was, in what respect is the present fair market value provisions of the law inadequate to deal with anti-dumping situations? The answer is that as long as there is a market in the country of origin, even though the value is below cost of production, it must be accepted under the present law.

The next question was: Has a case been made that this legislation does not constitute a violation of GATT? The only answer I can give is, that I understand that the responsible minister in another place, who had more time and opportunity than I have had to study this measure, has given assurance that it is not incompatible with GATT in any respect.

The next question was: Can assurance be given that the far-reaching powers in sections 37, 38, 39 and 40A will be used only in rare and exceptional cases? The answer is: I am informed that upwards of 90 per cent of our importations will be dealt with under sections 36 and 37, and it is expected that the extraordinary powers will affect only about 10 per cent of our importations.

Hon. Mr. Wall: May I ask a supplementary question: Is there any danger that the way this residual 10 per cent provision is understood may have an enormous effect on the manner in which the tariff is applied to the remaining 90 per cent?

Hon. Mr. Choquette: So far as I know the answer is "No". The rules to be applied really become necessary when we are dealing with goods manufactured in Iron Curtain countries and other far-off countries.

The next question invited me to define "cost of production". I suggest that we look at section 35, subsection 2(b). In ordinary language it means, I understand, material, direct labour and factory overhead.

Hon. Mr. Wall: In the countries where the goods are produced?

Hon. Mr. Choquette: Yes. A further question asks me to define "reasonable amount of gross profit". This is answered by the section itself, namely, gross profit generally earned in the particular trade in the country of export.

Another question was, what constitutes dumping? Under the law, dumping duties are applicable only to goods of a class or kind made in Canada, for sale at less than the fair market value or the value for duty purposes.

There was a further question: Section 40A (7) (c) exempts goods entitled to enter under the British Preferential Tariff: why does not the new section 39 contain the same provision? The answer is that to so legislate at this time would be inconsistent with the non-discriminatory provisions of GATT. I believe I have already given that answer in reply to a question by another honourable senator.

The last question was, would I give some historical background of legislation similar to the proposed section 39? The answer: Similar legislation existed for a short period in 1921, was reintroduced in 1930 and remained in effect until 1948.

Hon. John J. Connolly (Ottawa West): Honourable senators, I have a few remarks to make in connection with the question I raised this morning about the rules to be applied in determining how value is to be ascertained. Section 35(2) of the present act provides that the value for duty shall be the fair market value of like goods when sold in like quantities for home consumption in the ordinary course of business under fully competitive conditions, and so on.

Section 35(3) of the act provides that when the value for duty cannot be determined under subsection (2) for the reason that like goods are not sold, then another rule applies.

Then section 35(4) of the Act provides that where like goods are not sold in the manner described in subsections (2) or (3), then the value for duty shall be determined as subsection (4) prescribes.

Section 35(5) provides that where like goods are not sold in the manner described in subsections (2) or (3) or (4), then subsection (5) applies. If subsection (5) does not cover the situation, then the minister, under subsection (6), may make a decision or a determination

of value. There is another alternative provided in subsection (7), based upon the cost of production.

So under the existing legislation, as I understand it, the first rule that must be applied is the fair market value rule in the country of origin, and then you go down the line until you get to the arbitrary provisions empowering the minister to determine a value in accordance with what he, in his discretion, might think is appropriate after suitable investigation. Thus there is a mutually exclusive progression in the existing law.

When you come to this bill, as I read it, section 36 provides an arrangement for the determination of duty for "like" goods. Section 37 provides the rule for the determination of duty in respect to "similar" goods. Section 38 deals with the determination of duty in cases where goods are coming into Canada and are going to be further processed here, assembled or packaged or further manufactured or intended to enter into the course of manufacture in Canada.

I would draw the attention of honourable senators to this language. In the case of goods brought into this country in a semi-manufactured condition or in a condition which might require nothing more than packaging, neither section 36 nor section 37 will apply but section 38 must apply because section 36 provides that "subject to section 38," the value for duty shall be the fair market value in the country of origin. Section 37 provides that "subject to section 38," the value of "similar" goods shall be as prescribed therein.

So that when it comes to partially manufactured goods to be assembled or packaged or dealt with in that way in Canada, section 38 will apply, and the concluding words of that section of the bill are:

> The value for duty shall be determined in such manner as the Minister prescribes.

It does not say "may be determined" but it says "shall be determined". So it would appear that by section 38 of the present bill the Minister must make the determination, and that the cardinal rules for value for duty in the case of goods which are only partially manufactured now goes out the window. It does not matter what the price in the home market is, or the fair market value in the country of origin. In this case the minister is required to make the valuation. I think this is quite a substantial departure from the practice which exists under the present legislation and perhaps trouble will arise under our treaty obligations under GATT.

Hon. Lionel Choquette: Honourable senators,—

The Hon. the Speaker: Honourable senators, I would remind the house that if the honourable gentleman from Ottawa East (Hon. Mr. Choquette) speaks now his remarks will have the effect of closing the debate.

Hon. Mr. Choquette: Honourable senators, I have nothing further to say except that it has been a most interesting discussion and I thank all those who have taken part. As it is not likely this bill will be referred to committee I would like to take this opportunity to thank the Deputy Minister (Customs and Excise), of the Department of National Revenue, who was most co-operative in assisting me to answer some of the questions put to me this morning.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Choquette, seconded by the Honourable Senator Brunt, that Bill C-51, to amend the Customs Act, be now read the second time. Is it your pleasure to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Mr. Burchill: On division.

Motion agreed to and bill read second time, on division.

THIRD READING

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

Hon. Mr. Choquette: I move the third reading now.

Motion agreed to and bill read third time and passed, on division.

Hon. Mr. Aseltine: Honourable senators, I move that the Senate do now adjourn during pleasure to reassemble at the call of the bell.

Hon. Mr. Macdonald: Could the honourable Leader of the Government give the Senate any idea as to when we are likely to be recalled?

Hon. Mr. Aseltine: I have a memorandum here to the effect that the House of Commons is now dealing with the agricultural estimates, of which there are just two items left. After that the house will deal with the Citizenship Bill and the final supply bill. I have been informed that things are moving reasonably well.

Hon. Mr. Macdonald: Thank you.

The Senate adjourned during pleasure.

At 5.45 the sitting was resumed.

APPROPRIATION BILL NO. 5, 1958

FIRST READING

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons with Bill C-61, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1958.

Bill read first time.

SECOND READING

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

Hon. Mr. Aseltine: I move the second reading of the bill now.

Honourable senators, this is a bill for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st of March 1959. When this bill is passed it will be Appropriation Act No. 5, 1958.

Honourable senators will recall that certain previous appropriation bills were passed during this session.

Appropriation Act No. 2 granted interim supply for the first two months of 1958-59 in the amount of $626,292,380.09. It voted one-sixth of the main estimates, three-quarters of three votes, one-half of five votes, one-quarter of four votes, one-sixth of nine votes, and one-twelfth of 21 votes, totalling the figure I have just given.

Appropriation Act No. 3, which granted interim supply for June and July, was in the amount of $624,592,837.43. It voted one-sixth of the main estimates, seven-twelfths of two votes, one-sixth of four votes, one-twelfth of 14 votes, one-sixth of the supplementary estimates, and three-quarters of four votes, and one-third of one vote, making the total I have just given.

Appropriation Act No. 4 granted interim supply for August and September in the amount of $615,999,671.59, and voted one-sixth of the main estimates, five-twelfths of three votes, one-quarter of four votes, one-twelfth of 15 votes, one sixth of the supplementary estimates and a further one-sixth of two votes.

The total voted by those three appropriation acts amounts to $1,866,884,889.11.

Honourable senators, the present bill will grant the balance of the main estimates for 1958 and 1959, less a reduction of $500,000 in vote 65, which had to do with expenses in connection with immigrants. It was found that these expenses were less than expected, so the amount was reduced by $500,000, which means that the amount of the main estimates now being voted is $1,782,525,743.23. This bill also votes the balance of the supplementary estimates which were tabled on June 2, 1958, in the amount of $52,957,874.66. When this bill is passed the total amount of further supplementary estimates tabled in this house on August 30, 1958, and of which honourable members have had a copy for some time, will be $63,121,027, making the total for this Appropriation Bill No. 5, $1,898,604,644.89. This is the summary of what is contained in section 2 of the bill.

The bill, honourable senators, follows the same form as the one which we dealt with in connection with the 1957-58 expenditures, and which was passed by this house earlier this week, September 1, and which was in the form approved and recommended by honourable senators when Appropriation Bill No. 2 was discussed.

Hon. Mr. Wall: Would the honourable leader permit a question? We have been told about Acts Nos. 2, 3, 4 and 5. What about Act No. 1?

Hon. Mr. Aseltine: We never passed an Appropriation Bill No. 1 that I know of.

Hon. Mr. Macdonald: Why is there an Appropriation Bill No. 2 if there is not a No. 1?

Hon. Mr. Aseltine: I do not have any explanation of that at the moment.

Hon. Mr. Connolly (Ottawa West): Would No. 1 have been passed in the earlier session?

Hon. Mr. Brunt: I think so, in January of this year.

Hon. Mr. Macdonald: That was another Parliament.

Hon. Mr. Aseltine: These all have to do with the year 1958. I will probably have that explanation in a moment.

Hon. Mr. Macdonald: Do I understand, if I may interrupt, that the total appropriations would be the amounts voted in Acts Nos. 2, 3, and 4, plus the amount set forth in this bill?

Hon. Mr. Aseltine: Plus the statutory items. I have a summary that I can give honourable senators.

The main estimates as printed amounted to $5,960,197,032.

Hon. Mr. Crerar: How much? Do I understand my honourable friend to say that the main estimates amounted to $5,960,000,000?

Hon. Mr. Aseltine: That is the figure I have here.

Hon. Mr. Brunt: That is the total of the votes and statutory payments.

Hon. Mr. Aseltine: In that amount are included items amounting to $2,343,052,587 which are statutory, leaving the total amount to be voted $3,617,144,445.

Hon. Mr. Macdonald: And in addition there are the supplementary estimates.

Hon. Mr. Aseltine: I am coming to that next. The supplementary estimates amount to $85,724,062, and the further supplementary estimates $63,121,027. If you add all those together you get $3,765,989,534, from which $500,000 was deducted in Committee of Supply because, as I previously stated, the cost of looking after immigrants was less than expected. So the total estimates, including the main estimates and the statutory items and the two supplementary estimates, come to $6,109,042,121. As I said before, the total amount to be voted by this bill is the $3,765 million-odd, less $500,000, making a net total of $3,265,989,534.

Incidentally, the explanation given to me in connection with Appropriation Act No. 1 is that it had to do with 1958, was passed in the closing days of the last session and related to the 1957-58 estimates.

May I refer to section 4? Honourable senators will recall that the borrowing of $1 billion was authorized, but that only $400 million of that amount was raised by the sale of new securities issued July 15 to December 15 with interest at 2½ per cent for current financing. It is reasonable to expect that the remaining authority of $600 million will be insufficient to cover the sale of Canadian Savings Bonds, 1958 series, in October of this year, and a possible increase in treasury bills and other budgetary and non-budgetary requirements, so additional provisions must be made accordingly. Therefore, section 4 of this bill provides that the Governor in Council shall have power to raise a loan of $1 billion in addition to the $1 billion which was voted previously.

That, honourable senators, is an explanation of the bill. If any questions are asked I hope to be able to answer them.

Hon. W. Ross Macdonald: Honourable senators, we are entering upon a new procedure in respect to the passage of this bill. I understand the other house is now considering a bill in connection with the Citizenship Act. Indeed, we are making history in this chamber today. I do not believe it has ever happened before that the final appropriation bill was presented to this house for consideration before all other legislation had been presented.

Hon. Mr. Aseltine: The only reason for that being done, honourable senators, is to enable this honourable body to get ahead with consideration of the Appropriation Bill while waiting for the other bill. I understand it was announced in the other house that prorogation will probably take place at 8 o'clock this evening. So, when the bill was sent over I thought it advisable to go ahead with consideration of it. But if there is any real objection the debate can be adjourned until we have considered the Citizenship Bill.

Hon. Mr. Macdonald: But the honourable leader has already explained the bill. He now gives us the reason why it has come to this house, before the Citizenship Bill. Can he also explain why the Appropriation Bill was passed in the other house in advance of the Citizenship Bill?

Hon. Mr. Aseltine: That is beyond me.

Hon. Mr. Macdonald: I should think so. It is beyond me.

Hon. Mr. Brunt: We cannot alter the procedure of the other house.

Hon. Mr. Macdonald: This, too, is something new—to pass the final Appropriation Bill in either house before passing a measure such as the Citizenship Bill. Honourable senators realize that the Citizenship Bill will involve the expenditure of a certain sum of money, and no doubt the money which will be required in that connection is included in this Appropriation Bill.

Hon. Mr. Power: Loose change!

Hon. Mr. Macdonald: So we are in the position of voting money in connection with legislation which has not been and may not be, passed.

Hon. Mr. Aseltine: If that bill should not be passed we would not have to spend the money.

Hon. Mr. Power: Parliament is voting the Government too much.

Hon. Mr. Macdonald: Yes, we are giving you too much money.

Hon. Mr. Aseltine: It would remain in the Consolidated Revenue Fund.

Hon. Mr. Macdonald: I know, but then why should we inquire into expenditures required under the Citizenship Bill? We are being asked to vote money in connection with a measure which, in its present form, may not be on the statutes this year.

Hon. Mr. Aseltine: The point never occurred to me and I do not suppose it occurred to those in the other place.

Hon. Mr. Macdonald: I do not know whether it occurred to those in the other place, but certainly it occurs to me and it must have been obvious to many honourable senators. Why is the Citizenship Bill not before us? Why was it not passed, instead of being held

back until the last minute? It is an important bill, but it is not before us so I shall say no more on that subject. I merely reiterate that this procedure is most unusual. I am prepared to say that it never happened before. Probably my honourable friend opposite is happy to be the Leader of the Government this year while history of this kind is being made.

Hon. Mr. Aseltine: I will see it never happens again.

Hon. Mr. Macdonald: The amount included in the bill before us is a huge one; the figures are astronomical. The Government has not only established a new custom in connection with the bringing in of appropriation bills, but it has broken another record.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Macdonald: The Government has broken the $5 billion barrier and is now into $6 billion.

Hon. Mr. Power: Seven.

Hon. Mr. Macdonald: My honourable friend says seven.

Hon. Mr. Power: It is going to borrow another billion, so that makes seven.

Hon. Mr. Macdonald: I will say it is nine billion, because a few months ago Parliament gave it power to borrow another billion. That raises it to seven billion; and now we are granting another billion, which raises it to eight billion.

Hon. Mr. Brunt: Where do you get the other billion to make it nine?

Hon. Mr. Aseltine: My honourable friend must be referring to the money for the Canada Savings Bonds.

Hon. Mr. Macdonald: The Government will get another billion from the Canada Savings Bonds, but we should not concern ourselves about that; it is going to put that in the bank. Of course, honourable senators, it is going to spend a billion—

Hon. Mr. Aseltine: That is part of this money.

Hon. Mr. Macdonald: I don't know if it is. Of course, the Government is going to spend the $1 billion, probably to provide for other issues that are coming due. It is not included in this money at all, but it is to provide for other bonds which are maturing. As I say, the Government has broken another record and has established an all-time high of $6 billion in expenditures. At the same time we have reached the former high figure in the cost of living. As honourable senators may know, the cost of living has been going up month by month and if it continues it will reach a new all-time high at the end of this month. I do not think any Government should be proud of this. In fact, I shudder to think just what heights in expenditures and in the cost of living we are heading for. We will, of course, do nothing about this bill, but I am satisfied Canadians generally are concerned about the two matters I have just mentioned, the tremendous expenditures and the continual increase from month to month in the cost of living. This is truly a serious matter. Just what the Senate can do about it troubles me. Next year we could re-establish the practice of having the Standing Committee on Finance examine Government expenditures and make recommendations, but whether the Government would heed those recommendations I do not know. The day of accounting is coming. This year there is going to be a deficit of from $500 million to $1 billion, which will result in the borrowing of an additional $1 billion to the $2 billion which we have authorized, and it will represent the $9 billion which I mentioned a minute ago.

Hon. Mr. Brunt: I think the deficit is included in the $2 billion that we are going to borrow.

Hon. Mr. Macdonald: I do not think so.

Hon. Mr. Brunt: That was my understanding.

Hon. Mr. Macdonald: I doubt it very much. In any event, here we are talking lightly of billions of dollars which have to be raised from the taxpayers, the citizens of Canada. A billion dollars is a lot of money in relation to a population of between 16 million and 17 million people. Do honourable senators realize that Canada, with its population of 16 million or 17 million, is spending in one year over $6 billion? I can quite understand why we are so serious about this matter, for it concerns us all. I certainly trust that during the recess the Government will give careful consideration to the financial position in which the country finds itself. I am very pleased that Parliament has sat continuously throughout the summer. The Government of the day has serious responsibilities and important problems over which to ponder. I do not like to recall the date of June 10, 1957, but it was 10 days after that date when the former administration resigned and it was not long before Parliament was called into a short session. Then at the end of January Parliament was dissolved, another short interval ensued, and Parliament reassembled on May 12, and has been sitting almost continually since.

Honourable senators, the Government requires time to sit down and take account quietly of what is taking place in Canada and the rest of the world. I think it is a good thing that the Government will be free from the necessity of attending Parliament from day to day. I know that the Government cannot give consideration to the serious matters with which it is faced if it has to be concerned with Parliament every day. I say therefore, first, that I am very pleased that we have sat through the summer months; it has been trying, for we would have liked to be home, enjoying a vacation, but it would not have been good for the country.

Honourable senators, we shall be leaving here tonight, probably to reassemble some time early in the New Year. I hope the Government of the day will give very careful consideration to the path which we must take if our country is to continue to be prosperous and remain on a sound financial basis.

Hon. Mr. Aseltine: Honourable senators, I have some information with regard to the Citizenship Bill which has just passed through the other house. The provisions for carrying out expenditures in connection with the Citizenship Act are all included in the main estimates, Schedule A, which were prepared in January of this year and tabled in May. No new expenditure is contemplated by the Citizenship Bill, and therefore no other expenditure will be in contemplation.

Hon. Mr. Macdonald: I must say that I cannot agree whatsoever with the remarks of the leader in this respect. The amendment to the Citizenship Act will change the provisions of the act considerably with regard to revocation of citizenship, and the expense in that connection should be considerably lower than under the present act.

Hon. Mr. Wall: Would the honourable leader permit a question? In view of the fact that we now have the total of all the appropriations for the current fiscal year, amounting to $6.109 billion, would the leader care to relate that to the total of the estimated revenues, so that I could get an idea as to the kind of a deficit we now seem to be facing?

Hon. Mr. Aseltine: I do not think that could be done. We know what the deficit is supposed to be; therefore the revenue will be the difference between this amount and the amount of the deficit, which is about $600 million odd.

Hon. Mr. Crerar: May I ask my honourable friend one question? It is anticipated that the Canadian National Railways will have a deficit of $55 million this year. Has provision been made for that in this total of $6.109 billion?

Hon. Mr. Aseltine: No.

Hon. R. B. Horner: Honourable senators, I wish to add a word in view of what the Leader of the Opposition (Hon. Mr. Macdonald) said to the effect that every senator should be very seriously alarmed about the huge deficit. I am not particularly worried about that, but I am concerned with the fact that our population, now standing at over 17 million, will increase to 25 million or more in a very few years. Canada is a vast country, and there is an immense amount of work to be done in its development. Unfortunately, at every turn we find unemployed people who seek employment only as long as it is suited to them, and if they cannot get it they claim unemployment insurance. I object very much to that, as I did when unemployment insurance first came into being. If we can persuade our people, and particularly our young people, to settle down to work when and where it is needed we shall have nothing at all to fear in this country.

Hon. Mr. Burchill: Honourable senators, following the remarks of the senator from Blaine Lake (Hon. Mr. Horner), may I ask the honourable Leader of the Government (Hon. Mr. Aseltine) if in the supplementary estimates which have been placed before us this evening, there is included the amount of $40 million to the wheat growers of Western Canada?

Hon. Mr. Aseltine: Yes, that is included in the supplementary estimates.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Aseltine, seconded by the Honourable Senator Brunt that Bill C-61, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959, be now read the second time. Is it your pleasure to adopt the motion?

Hon. Mr. Taylor (Westmorland): Honourable senators, I do not want to take up the time of the house, but I wish to point out that I haven't the bill before me and it may be that other honourable senators have not. As far as I am concerned, since I have not seen the bill and do not know what is in it, I feel that I cannot vote for it, for I would not know what I was voting for.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion, on division?

Motion agreed to and bill read second time, on division.

THIRD READING

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

Hon. Mr. Aseltine: I move third reading of the bill.

Motion agreed to and bill read third time and passed, on division.

CANADIAN CITIZENSHIP BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-58, to amend the Canadian Citizenship Act.

Bill read first time.

SECOND READING

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

Hon. William R. Brunt: I move the second reading now. Honourable senators, may I inquire if any senator has not a copy of the bill as amended?

Hon. Mr. Taylor (Westmorland): I have not.

Hon. Mr. Brunt: I will pass a copy to the honourable senator.

The first amendment is page 1, line 25: after "be;" add "or".

The second amendment on page 1: strike out paragraph (c) in its entirety.

Hon. Mr. Crerar: That is, of section 19 (1)?

Hon. Mr. Brunt: Yes, of section 19 (1).

Hon. Mr. Taylor (Westmorland): The last three lines on that page?

Hon. Mr. Brunt: That is right, the last three lines appearing on the first page of the bill.

Honourable senators, Bill C-58, an act to amend the Citizenship Act, is very short. It contains three amendments and therefore I hope that only a brief explanation will be necessary.

The general purpose of the amendments is as follows:

Firstly, to remove certain areas of discrimination against naturalized Canadians which set them apart from natural born Canadians. The discrimination to which I refer relates to the revocation of Canadian citizenship of a naturalized Canadian. A natural-born citizen is in a fortunate position, in that his citizenship cannot be revoked. This bill provides for a hearing where there might be an element of doubt as to whether a person may have ceased to be a Canadian citizen.

I will deal with the bill clause by clause. Clause 1 repeals paragraph (f) of subsection (1) of section 10 of the Citizenship Act. This paragraph is set out in full in the explanatory notes. The change which is made in the substituted clause consists of adding the following words which are underlined in the bill: "and intends to comply with the oath of allegiance set forth in the second schedule".

Hon. Mr. Wall: May I ask a question? I notice that the words struck out in paragraph (c) were to the effect that the applicant did not at the time of taking the oath of allegiance intend to comply with such oath. Now, I gather that subsection 1 of section 19 has the same kind of an intending connotation: the citizen has taken the oath and is naturalized, and I presume if he has taken the oath he naturally intends to comply with it, otherwise he would not have taken it. Now, how are we going to judge whether a person intends to comply with that oath of allegiance?

Hon. Mr. Brunt: If the honourable senator will wait I think I will come to that point.

The purpose of this particular amendment is to bring, in a forceful manner, to the attention of those persons taking the oath that they must comply with the oath, otherwise, as the bill was originally drawn, they might lose their citizenship. This was removed from the bill by amendment, and I will deal with it later.

Clause 2 deals with the revocation of Canadian citizenship, other than citizenship acquired by birth. Under the present act Canadian citizenship can be revoked on the following six grounds: (1) For treasonable association with the enemy at time of war; or (2) having obtained a certificate of naturalization or of Canadian citizenship through the making of a false representation, or by fraud, or by the concealment of material circumstances relating to such application for naturalization; or (3) has, since being naturalized, resided out of Canada for a period of not less than six years and during that time has not maintained a substantial connection with Canada; or (4) has, since being naturalized as a Canadian, been ordinarily resident outside of Canada and in the foreign country of which he was previously a national or a citizen, and during his absence has not maintained a substantial connection with Canada; or (5) if while out of Canada such

a citizen has shown himself either by act or deed to be disloyal to Her Majesty or unfriendly to the Government; or (6), if such a citizen while in Canada has been convicted by a court of competent jurisdiction of any offence involving disloyalty to Her Majesty or unfriendliness to the Government.

Subsection 1 of section 19 of the act, which sets forth the above-mentioned six grounds upon which Canadian citizenship can be revoked, is repealed by section 2 of the bill, and these particular clauses no longer affect in any way the revocation of Canadian citizenship. Nevertheless, the Government feels that it should have the right to revoke Canadian citizenship acquired by naturalization under certain circumstances. These circumstances are two in number, and are set out in the new clause 19 (1). They are: first, where such person while absent from Canada and being charged with treason under the Criminal Code or with an offence under the Official Secrets Act, has failed or refused to return to Canada voluntarily within such time as may be prescribed by the minister on notice sent to such person at his last known address and has not appeared at the preliminary inquiry into such offence or at the trial of such offence or at both the inquiry and trial. The second ground upon which citizenship can be revoked is where a person has obtained his or her certificate of naturalization or of Canadian citizenship through the making of a false representation or fraud or by the concealment of any material circumstances which led to the granting of citizenship.

Paragraph (c) was struck out for the good reason that, upon giving it further thought and study, it was found not to be enforceable. You could not tell what a person was thinking. It was an impractical sort of language and for that reason it was removed from the bill.

Finally we come to clause 3, which deals with the matter of a ruling on the loss of Canadian citizenship. Under this particular section the minister may refer to a commission set up and established under subsection 4 of section 19 of the present act, or to the Superior Court in the province of Quebec or the Supreme Court in any of the other provinces, any question as to whether such a person has actually lost his Canadian citizenship. At such hearing evidence is taken, a decision is rendered as to whether or not the citizenship of such person is lost, and the decision once given is final. There is no appeal therefrom.

That, all honourable senators, is all I have to say in explanation of the bill. If there are any questions I shall endeavour to answer them.

Hon. William M. Wall: Honourable senators, I am not going to speak to this bill, nor am I going to act on the very interesting suggestion that I might adjourn the debate.

Hon. Mr. Macdonald: You would not have had a seconder.

Hon. Mr. Wall: There are two questions that I would like to have straightened out. I would like to say that by and large Canadians generally, and particularly those who have been naturalized, will welcome these changes which do away with some of the connotations applied to naturalized citizens as being second-class citizens because of the ways in which their citizenship could be revoked, and the reasons therefor.

Honourable senators, I must be reinforced in my thinking as to this part of section 1, for I cannot relate it to section 10 of the Canadian Citizenship Act. I do not have section 10 of the act before me, and for the life of me I cannot understand the underlined words in paragraph (f) of section 1(10) which in effect repeat paragraph (c) of section 19(1), which has been taken out, and which it is said was taken out because it was found on second thought to be inoperative. I simply cannot understand how we are going to judge, or who is going to judge, within what framework we can test whether a person intends to comply with the oath of allegiance as set forth in this schedule. I gather that when a citizen becomes naturalized he takes the oath of allegiance. Now, what does that oath mean, and why should we in paragraph (f) say that the would-be citizen has an adequate knowledge of the responsibilities and privileges of Canadian citizenship? I stop there, and I venture to guess that he has already taken the oath and knows what it means. The paragraph continues, to the effect that he intends to comply with the oath of allegiance.

Honourable senators, I for one would welcome a much better explanation than I have received.

The second question that I wish to put concerns section 3 of the bill. I gather that the referral to a commission or a court will be optional with the minister and will not be more or less mandatory, in case this serious step must be taken with respect to a naturalized citizen of Canada.

Hon. Mr. Connolly (Ottawa West): Before the honourable gentleman from Hanover (Hon. Mr. Brunt) answers that question, may I pose another for him to answer?

Hon. Mr. Brunt: May I answer this question first?

The Hon. the Speaker: Is it the honourable gentleman's intention merely to answer the question?

Hon. Mr. Brunt: Yes, Mr. Speaker, I shall just answer the question.

The words are added to paragraph (f) of section 10(1) for the purpose of impressing the oath upon the applicant after he has been granted citizenship. If the honourable senator can suggest any other words that might create a greater impression on the applicant, I should like to hear them.

Hon. Mr. Wall: I think the words should be taken out altogether. If the applicant has subscribed to the oath, that should be the end of it. Surely the oath would not be taken by a person unless he intended to comply with it.

Hon. Mr. Brunt: I think any words which would impress the oath upon a naturalized Canadian citizen should be added.

Hon. Mr. Macdonald: They never read it.

Hon. Mr. Brunt: I can't help that; they are supposed to read it.

Hon. Mr. Macdonald: So, no impression is made by these words.

Hon. Mr. Brunt: Any words that tend to make him comply more completely with the oath should be left in the act.

Hon. Mr. Wall: May I say, you can judge facts—perhaps that is not the legal term—and you can test whether a person has adequate knowledge of the responsibilities or privileges of a Canadian citizen, but how are you going to test me or anybody else as to whether I intend to comply with the oath of allegiance, to which I have very solemnly subscribed on the Bible?

Hon. Mr. Macdonald: Non-intention to comply would constitute fraud under section 19.

Hon. John J. Connolly (Ottawa West): Honourable senators, may I say a word or two on this point raised by the junior senator from Winnipeg (Hon. Mr. Wall)? I have before me section 10 of the Canadian Citizenship Act, as it appears in the Revised Statutes of Canada. That section, which deals with the granting of a certificate of citizenship, says the minister may in his discretion grant a certificate under certain conditions. They are as follows: first, he must have filed a declaration in the office of the clerk; secondly, he must be lawfully admitted to Canada; thirdly, he must have resided continuously in Canada for the prescribed time. All of that can be proved by ordinary evidence. The requirements continue: fourthly, that he is of good character; fifthly, that he has adequate knowledge of either English or French; sixthly, that he has an adequate knowledge of the responsibilities and privileges of a Canadian citizen—that is the clause to be amended—and seventhly, that he intends to reside in Canada.

I think there may be a good deal in what the honourable junior senator from Winnipeg has said, in view of the fact that section 12 of the act prescribes that a certificate of citizenship granted to any person under this part, other than a minor under the age of 14 years, shall not take effect until the applicant has taken the oath of allegiance set forth in the second schedule, and thereupon the person shall become a Canadian citizen.

The oath of allegiance reads:

> I, A.B., swear that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth the Second, her heirs and successors, according to the law, and that I will faithfully observe the laws of Canada and fulfil my duties as a Canadian citizen. So help me God.

When a person has taken that oath I suppose he can be cross-examined on whether he understands it. But an oath is an oath; and the citizen who takes the oath swears before God to do whatever is required before the law, as a citizen of this country.

Now, how are you going to find out that he intends to comply with the oath? I would think the only way in which that could be done would be by further examining the applicant under oath and saying to him: "This is the oath you are going to take. Are you going to observe it?" Suppose he answers "Yes". Do you get more from that answer than you get from the oath? The oath of allegiance in itself is sufficient for the laying of a charge against him if he has not been faithful and borne allegiance.

Honourable senators, I do not think there is very much help for anybody in the words added to paragraph (f). I do not think they will add anything to what is in the oath of allegiance now, with respect to the responsibility that devolves upon the man who takes the oath. Frankly, I do not think the court before which the oath is taken is going to get any more information by evidence given under oath by the applicant than it would get from hearing the oath of allegiance taken.

Hon. Mr. Brunt: Do you not think it impresses the oath upon him a bit more than if those words were not there?

Hon. Mr. Connolly: I cannot believe that it could, for the reason that if there is anything that should be supremely impressive in a matter of this kind it is the oath of allegiance itself, and not what the prospective Canadian citizen might think or say of what he should do in respect of that oath. I think when he is given the oath to read and to swear to, everything that is implied in the responsibilities of a Canadian citizen should

be in that oath, and if the oath is not adequate another form might be devised. Personally, I think it is adequate, and I do not think the addition of the words is going to add anything or do any harm. At the moment I cannot understand why it may be necessary to add these words.

The other point I would like to draw to the honourable senator's attention is the use of the word "and" in line 23 on page 1 of the bill. I may say that I raised this, not on my own account but at the suggestion of the honourable senator from Toronto (Hon. Mr. Hayden), who could not be here today. He felt that if a person charged with an offence were out of the country and refused to return, it does not add much to the section to say that in addition it must be established that he has not appeared at a preliminary inquiry. I think the honourable senator from Toronto thought that in any event, a preliminary inquiry could not be effectively held unless the person charged with the offence were actually present in court, or had been served. I assume he was thinking of personal rather than substitutional service. This is a pretty technical point and may not be as important as the honourable senator from Toronto thought it was. But I raise it in case it has been dealt with by the department.

Hon. Mr. Brunt: Does this section not provide for service that is not personal? I think it does. It provides the manner in which he can be served.

Hon. Mr. Power: Where?

Hon. Mr. Brunt: In the middle of the clause.

Hon. Mr. Power: "His last known address": is that it?

Hon. Mr. Brunt: Yes.

Hon. Mr. Macdonald: No, that subsection merely provides that the minister may prescribe the time within which the notice must be served.

Hon. Mr. Gouin: May I ask a question concerning that same section? A man is charged with treason. A written notice is sent to him that he should appear in the courts of Montreal on such a date. But if he does not turn up, there cannot be, I think, any preliminary inquiry; we have no system for having a prosecution *in absentia*. So I cannot see how he can possibly be absent from this preliminary inquiry and also from the trial, for under those circumstances a trial cannot take place. I am not concerned as to whether any prejudice would be suffered; my point is the technical one that if a man is absent, if he does not appear at the preliminary inquiry, there cannot be a trial. I can understand that he might appear at the preliminary inquiry, then jump bail and flee the country, and not be present at the date fixed for the trial; but what I cannot understand is that he would be absent from both the preliminary inquiry and the trial.

Hon. Mr. Brunt: If the person in question is outside the country, which is a contingency referred to in section 19 (1) (a), I do not suppose it will be possible to get him back to face a charge, but I think the preliminary inquiry would have to go on in his absence.

Hon. Mr. Connolly (Ottawa West): The question raised by the honourable senator from De Salaberry (Hon. Mr. Gouin) is, can that be done?

Hon. Mr. Brunt: I have to rely on the draftsman of the bill, that it can.

Hon. Mr. Power: The point made on behalf of the honourable senator from Toronto (Hon. Mr. Hayden), and further referred to by the honourable senator from De Salaberry, relates to the insertion of the word "and". It states, "and has not appeared". It is not likely that he will appear. If absent from Canada he cannot appear.

Hon. Mr. Connolly (Ottawa West): I do not say that it is right, but the point has occurred to a number of people who are lawyers that you may be defeating the purpose of the first part of paragraph (a) by having the word "and" there.

Hon. Mr. Brunt: Is that not related back to the sending of the notice? First you must send the notice, and if he does not appear—

Hon. Mr. Power: If he does not appear at the preliminary inquiry—

Hon. Mr. Brunt: That is right.

Hon. Mr. Power: There can be no preliminary inquiry if he does not appear.

Hon. Mr. Brunt: I think there will have to be.

Hon. Mr. Macdonald: Service by notice is good service. I think that under the provisions of this bill it is good service to address the notice to the man at his last known address.

Hon. Mr. Brunt: Substitutional service, so to speak.

Hon. Mr. Macdonald: Therefore he has been served, and if he has been served the preliminary hearing can proceed whether he appears at it or not.

Hon. Mr. Connolly (Ottawa West): He can appear personally or he may appear by counsel.

Hon. Mr. Macdonald: He does not have to appear. Once he does not appear, it is within

the power of the court to proceed with the hearing on the case. It happens quite often in our courts in connection with the summons under the Motor Vehicles Act. Once a man is served with the summons the case can proceed; he does not have to appear, but he is bound by the finding of the court.

Hon. Mr. Power: Can you have a murder trial without the murderer?

Hon. Mr. Macdonald: Once the man has been served you can proceed with the preliminary hearing.

Hon. Mr. Gouin: But not the trial. There may be a bench warrant issued against him but there cannot be a trial.

Hon. Mr. Macdonald: This refers to a preliminary hearing.

Hon. Mr. Gouin: And a trial.

Hon. Mr. Macdonald: "Or", not "and".

Hon. Mr. Gouin: After that we have the word "or".

Hon. Mr. Macdonald: One, or both. I would think that if he does not appear at the preliminary hearing after having been served in accordance with the provisions of this bill his citizenship can be revoked; or if he appears there and does not appear at the trial—

Hon. Mr. Brunt: It can be revoked.

Hon. Mr. Macdonald: He might appear at one and then not appear at the other: then it can be revoked.

Hon. Mr. Brunt: Or if he does not appear at both.

Hon. Mr. Connolly (Ottawa West): It is always a little difficult to try to decide questions of law during a sitting of the Senate. We should be in committee.

I think the provision of section 441 of the Criminal Code might apply. This clause in part XIV of the Code deals with compelling the presence of an accused before a justice.

Hon. Mr. Brunt: While he is in Canada, or without?

Hon. Mr. Connolly (Ottawa West): I am not prepared to say whether there is any distinction between whether he is in Canada or not. It is provided by subsection (3) of section 441 that—

> A summons shall be served by a peace officer who shall deliver it personally to the person to whom it is directed, or, if that person cannot conveniently be found, shall leave it for him at his last or usual place of abode with some inmate thereof who appears to be at least sixteen years of age.

If he is not living in Canada it is going to be a little difficult to comply with that requirement. I mention this further fact, that the procedure on preliminary inquiry which follows begins at section 449. Without having looked into the matter carefully it occurs to me that the honourable gentleman from De Salaberry (Hon. Mr. Gouin) is right, that you cannot have a preliminary inquiry until you have service, and perhaps the required service would be the one needed to comply with section 441. But I am afraid that without a committee it is impossible to deal with it.

Hon. Mr. Brunt: If I may answer, I do not know how, without this clause, you could ever revoke the citizenship of some person charged with treason who leaves this country and goes behind the Iron Curtain. I think the Government should have the right to revoke citizenship in a case such as this.

Hon. Mr. Connolly (Ottawa West): I am not disputing that, but by the wording of the section and the use of the word "and" you may make it impossible for the Government to do what it desires to do.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Brunt: I move the third reading now.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. W. M. Aseltine: Honourable senators, I wish to take this opportunity to say how much I appreciate the co-operation of all members on both sides of the chamber during this session. I have enjoyed my work as Leader of the Government and, like all other honourable members, I am pleased that the session is about over. I hope honourable members will have a fine recess, a merry Christmas and a happy New Year, and that when they come back in the middle of January or thereabouts they will be full of vim and vigour and ready to carry on for another session, which may last until July 1. Again I thank you all and wish you the best.

Hon. W. Ross Macdonald: Honourable senators, I wish to say that I also appreciate the support that has been given to me from both sides of the house on the various problems which have faced us throughout the session. I believe we have given careful consideration to all legislation that has come before us. I feel that we have served a worth-while purpose during the first session of this Parliament. I am sure that I speak for all

honourable senators when I say how delighted we were when the honourable Leader of the Government (Hon. Mr. Aseltine) was appointed to his present position. We had confidence that he would carry out his functions in a manner which would be satisfactory not only to those who are associated directly with him, but also to all honourable senators. He has discharged his duties admirably and we will look forward to seeing him when Parliament reassembles, we hope some time after Christmas.

PROROGATION

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
Ottawa

September 6, 1958

Sir,

I have the honour to inform you that the Honourable Mr. Justice Robert Taschereau, in his capacity as Deputy Governor General, will proceed to the Senate Chamber at 8 p.m. today, the 6th September, 1958, for the purpose of proroguing the First Session of the Twenty-Fourth Parliament.

I have the honour to be,
Sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor-General
(Administrative)

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

At 7.55 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Robert Taschereau, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of James Ross MacLaren Paul.

An Act for the relief of Barbara Golebiowski Lorens.

An Act for the relief of Nicholas Vogel.

An Act for the relief of Viola Mary White Witt.

An Act for the relief of Joseph Lucien Roland Richer.

An Act for the relief of Marc Baillargeon.

An Act for the relief of Lucille Perrin Ballard.

An Act for the relief of Barbara Rae Lynch Harding.

An Act for the relief of Estelle Leblanc Hebert.

An Act for the relief of Georgiu Panajtiotis Yarenis.

An Act for the relief of Shirley Watson Pennoyer.

An Act for the relief of Anastasia Gorshko Hruby, otherwise known as Ann Gorshko Hruby.

An Act for the relief of Edwin Showler.

An Act for the relief of Nikolaj Kurdiaszow.

An Act for the relief of Johann Schneider.

An Act for the relief of Lise Beaudry Livingston.

An Act for the relief of Beverly Georgina Berry Turpin.

An Act for the relief of Shirley Eileen Ferris MacTavish.

An Act for the relief of Maurice Turcotte.

An Act for the relief of Christina Maxwell Biggs Sanderson.

An Act for the relief of Thomas Patrick Heavers.

An Act for the relief of Josephine Gertrude Rice Thornhill.

An Act for the relief of Ruth Gruber Sosnowsky.

An Act for the relief of Samuel Wasserman.

An Act for the relief of Celia Bernhaut Jamensky.

An Act for the relief of Mary Elizabeth Rainsborough Archer Rudner.

An Act for the relief of Waldo John Brayton.

An Act for the relief of Jean-Paul Camire.

An Act for the relief of Evelyn Zigayer Sedawey.

An Act for the relief of Eleanor Wanda Leshynska Ross.

An Act for the relief of Irene Rondeau Desbiens.

An Act for the relief of Victor Petrashevics.

An Act for the relief of Joseph Adrien Octave Guillotte.

An Act for the relief of Jeannette Jaslow Feifer.

An Act for the relief of Edith Rosen Browman.

An Act for the relief of Paul-Emile Papineau.

An Act for the relief of Joan Patricia Gatien Juzenko.

An Act for the relief of Myrto Mona Diane Chevrette Cadieux.

An Act for the relief of Andrzej Skarzynski.

An Act for the relief of Otto Zilkalns.

An Act for the relief of Leo Milette.

An Act for the relief of Angelina Di Battista Overland.

An Act for the relief of Robert Herman Kashower.

An Act for the relief of Evelyn Mills Miles.

An Act for the relief of Margaret Alguire Kernaghan.

An Act for the relief of Georges Albert Hetu.

An Act for the relief of Francisca Catharina Sanders Simard.

An Act for the relief of Yolande Robert LeBel.

An Act for the relief of Joseph Anthime Roland Bock.

An Act for the relief of Clarence Joseph Reilly.

An Act for the relief of Elizabeth Christina Law MacNab.

An Act for the relief of Frank Joo.

An Act for the relief of Eileen Annie Elizabeth Stonebridge Hopkinson.

An Act for the relief of Giuseppe Fusari.

An Act for the relief of Jean Adolphe Abel Mathys.

An Act for the relief of Catherine Regina Hearn Cullen.

An Act for the relief of Richard Cloutier.

An Act for the relief of James Nelson LeBlond.

An Act for the relief of Louise Auger Lecavalier.

An Act for the relief of Marie Noella Therese Legault Lebel.

An Act for the relief of Muriel Marguerite Elizabeth Ada Brant Yeaman.

An Act for the relief of Marie Becherbleith Reicher.

An Act for the relief of John Charles Underhill.

An Act for the relief of Patricia Wirth Usher.

An Act for the relief of Jean Audrey Vickers Mastro.

An Act for the relief of Mary Rebecca Lafontaine Johnson.

An Act for the relief of Jetti Edelstein Popowski.

An Act for the relief of Jean Philippon.

An Act for the relief of Sidney Schwartz.

An Act for the relief of Barbara Crawford Bucci.

An Act for the relief of Holger Madsen.

An Act for the relief of Miriam Astrof Hymovitch.

An Act for the relief of Margaret Welsh Clark Gray Perego.

An Act for the relief of Eunice Joyce Stone Berwick.

An Act for the relief of Rita Elizabeth Edwards Bryant.

An Act for the relief of Mary Farrelly Crane.

An Act for the relief of Margaret Eileen McKenzie Beauchemin.

An Act for the relief of Jeanette Josephine Cools Cox.

An Act for the relief of Geraldine Marilyn Woods Spencer.

An Act for the relief of Mariette Giselle Denise Pesant Forget.

An Act for the relief of Joy Diedre Shelley New.

An Act for the relief of Muriel Ethel Serchuk Rutenberg.

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An Act to incorporate Canadian Women's Press Club.

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An Act to amend The Returned Soldiers' Insurance Act.

An Act to amend the Children of War Dead (Education Assistance) Act.

An Act to provide for the Conditional Liberation of Persons Undergoing Sentences of Imprisonment.
An Act to amend the Emergency Gold Mining Assistance Act.
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An Act to amend the Veterans Insurance Act.
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An Act respecting Mid-Continent Pipelines Limited.
An Act to amend the Customs Act.
An Act to amend the Canadian Citizenship Act.
An Act respecting Broadcasting.

Hon. Roland Michener, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for approving certain expenditures authorized for the public service, and the application of certain amounts in the accounts, of the financial year ended the 31st March, 1958.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

To which bills I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bills.

PROROGATION

SPEECH OF DEPUTY OF GOVERNOR GENERAL

The Honourable the Deputy of the Governor General was pleased to close the First Session of the Twenty-fourth Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The Twenty-fourth Parliament has commenced with a most active and noteworthy session.

We have been glad to welcome this summer Her Royal Highness the Princess Margaret on her visit to Canada. We look forward with great pleasure to the presence in Canada next year of Her Gracious Majesty the Queen on the occasion of the opening of the St. Lawrence Seaway.

During this present session you have welcomed and heard in Parliament the President of the United States, the President of the Federal Republic of Germany, the Prime Minister of the United Kingdom and the Prime Minister of Ghana. These visits have provided a valuable and timely opportunity for discussions of problems of mutual interest and for an exchange of impressions on broader issues.

My Government has been encouraged by indications of progress during the last few months in the field of disarmament and by recent developments in the Middle East situation but the general outlook remains uncertain and in particular, the current tension in the Far East is a source of deep concern.

My Government took an active role at the emergency special session of the General Assembly of the United Nations in promoting measures that would serve as a basis for a comprehensive effort to reduce tension and improve conditions in the Middle Eastern area.

My ministers have welcomed the announcement by the United States and United Kingdom Governments of their readiness to suspend tests of nuclear weapons for one year while negotiations for a political agreement take place; they hope that as a result there will emerge an effective agreement among the nuclear powers continuing the suspension of testing under effective international supervision. The prospect of further technical talks to examine possible safeguards against surprise attack gives ground for hope of additional progress in this important field of disarmament.

My ministers welcome the approval you have given to the important agreement for the integration of the air defence of North America. Measures are being worked out to ensure that such defence is maintained on an efficient and economical basis consistent with the rapid technical changes in this field. Furthermore, arrangements have been initiated for closer consultation by ministers with members of the United States Administration in the field of defence policy.

Your support of programs to provide practical assistance to the peoples of the less developed regions of the world through the medium of the United Nations, under the Colombo Plan and under special arrangements for the West Indies and Ghana has been further evidence of the desire of Canadians to participate in international programs of economic as well as humanitarian importance.

You have had laid before you a report on the International Conference on the Law of the Sea held in Geneva early this year and the five conventions agreed upon by the conference. My ministers will support the early convening of a second International Conference on the Law of the Sea to deal with the important questions left unsettled at Geneva.

My Government has been gratified to observe the improvement in the general economic conditions in Canada. It will continue its efforts to increase employment and ameliorate the condition of those temporarily unable to find work.

During the present session you have enacted measures of major benefit to the people of Canada.

You have authorized an increase in the public funds made available under the National Housing Act to ensure the further progress of our housing programme.

You extended for a further six weeks during this year the period during which seasonal benefits were paid under the Unemployment Insurance Act.

You have provided for increases in the pensions of former members of the Civil Service, the Armed Forces and the Royal Canadian Mounted Police.

You have reviewed and improved the Veterans Insurance Act, the Returned Soldiers' Insurance Act and the Children of War Dead (Education Assistance) Act, and increased the benefits payable thereunder.

As a further interim measure to meet the needs of the grain producers in the Prairie provinces, pending the working out of long term measures, you have provided an acreage payment to such producers. The Prairie Grain Advance Payments Act has been revised in the light of experience in its operation. The benefits of the Prairie Farm Assistance Act have been extended to an increased number of farmers. The lending power of the Canadian Farm Loan Board has been enlarged. The Canada Agricultural Products Standards Act has been amended, and the amounts payable under the Animal Contagious Diseases Act have been increased.

You have approved the necessary arrangements with the Government of Saskatchewan for carrying out the South Saskatchewan Project and provided for the immediate commencement of construction of the main dam in this important undertaking.

You have made provision for the establishment of an office to assist small business in Canada.

You have provided a needed increase in the support furnished by Parliament for the universities of Canada.

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The Hospital Insurance and Diagnostic Services Act has been amended to set a definite and earlier date for the commencement of the payments authorized by it.

You have completely revised the legislation relating to taxes on estates, making it more equitable and practical as well as alleviating the burden on smaller estates. You have revised the Income Tax Act, and increased the exemptions from sales tax under the Excise Tax Act.

The National Capital Act which you have passed will make possible the more effective continuation of the long term development and improvement of the National Capital and its immediate environs.

You have passed an important act to provide for the regulation of broadcasting in Canada and to ensure the continued operation of a national broadcasting system that will furnish a varied and comprehensive service of a high standard that is Canadian in content and character.

In the Parole Act you have created an orderly and permanent basis for the reform and rehabilitation of those confined to penitentiaries and their integration into society as useful citizens.

There has been placed before you a Bill of Rights for the recognition and protection of human rights and fundamental freedoms in Canada coming within the jurisdiction of Parliament. There will now be an opportunity for this measure to receive careful study before action on it is finally taken by Parliament.

Other measures enacted at this session include Acts to approve the income tax conventions with Belgium and the Belgian Congo, the Canadian National Railways Financing and Guarantee Act, the British Columbia Coast Steamship Service Act, an Act to incorporate the Lakehead Harbour Commissioners and an Act to authorize the construction of a bridge between Campobello Island and Maine. You have also amended the Railway Act, the Indian Act, the Criminal Code, the Penitentiary Act, the Lake of the Woods Control Board Act, the Loan Companies Act, the Trust Companies Act, the Maritime Coal Production Assistance Act, the Emergency Gold Mining Assistance Act, the Customs Tariff, the Customs Act, the Judges Act, the Financial Administration Act, the Yukon Act and the National Parks Act.

Members of the House of Commons:

My ministers welcome the approval you have given for the operation of a simultaneous translation system in the House of Commons.

Your committees have been more active than for many years past and show promise of contributing to the greater effectiveness of Parliament in the future.

I thank you for the provision you have made for all the essential public services and payments in the current fiscal year and in addition for the approval granted for the payments made under special warrants last year.

Honourable Members of the Senate:

Members of the House of Commons:

I pray that Divine Providence may continue to bless, protect and guide our nation.

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Abbreviations

1r, 2r, 3r	=	First, second, third reading
Amdts	=	Amendments
Com	=	Committee
Div	=	Division
M	=	Motion
Ref	=	Referred
Rep	=	Report
r.a.	=	Royal Assent

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McNaughton, Geraldine Avonne Dixon. 1r, 126; 2r, 148; 3r, 152; r.a., 233

Meaney, Mary Madeleine Dorothy Butler. 1r-2r-3r, 480; r.a., 809

Miles, Evelyn Mills. 1r, 346; 2r, 381; 3r, 385; r.a., 808

Milette, Leo. 1r, 346; 2r, 381; 3r, 385; r.a., 808

Miller, Maurice William. 1r-2r-3r, 538; r.a., 809

Milliard, Marie Reine Drouin. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Mugford, William Leonard. 1r, 150; 2r, 170; 3r, 176; r.a., 412

Mullins, Evelyn Grace Blakely. 1r, 126; 2r, 148; 3r, 152; r.a., 233

Murphy, Ann Westwater. 1r, 150; 2r, 170; 3r, 176; r.a., 412

Murrin, Ralph. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Nemeth, Emery George. 1r, 126; 2r, 148; 3r, 152; r.a., 233

New, Joy Diedre Shelley. 1r, 415; 2r, 434; 3r, 436; r.a., 809

Nolet, Joseph Leo. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Oliver, Wilfred David. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Osborne, Mary Pelly. 1r-2r-3r, 538; r.a., 809

Overland, Angelina Di Battista. 1r, 346; 2r, 381; 3r, 385; r.a., 808

Packer, Barbara Eisenstein. 1r, 158; 2r-3r, 184; r.a., 413

Pallett, Barbara Anne Young McFadden. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Papineau, Paul-Emile, 1r, 346; 2r, 381; 3r, 385; r.a., 808

Paquin, Roland. 1r, 151; 2r, 171; 3r, 176; r.a., 412

Paradis, Joseph Leonidas Albert. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Paul, James Ross MacLaren. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Pennoyer, Shirley Watson. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Perego, Margaret Welsh Clark Gray. 1r, 415; 2r, 434; 3r, 436; r.a., 809

Perez, Lillian May Seymour. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Petrashevics, Victor. 1r, 345; 2r, 381; 3r, 385; r.a., 808

Philippon, Jean. 1r, 415; 2r, 434; 3r, 436; r.a., 809

Pilcher, Gerald Leonard. 1r-2r-3r, 480; r.a., 809

Pinkney, Florence Lillian Henderson. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Popowski, Jetti Edelstein. 1r, 415; 2r, 434; 3r, 436; r.a., 809

Porteous, Eileen Rose Brown. 1r, 323; 2r, 334; 3r, 343; r.a., 528

Prevost, Marie Henriette Andree Massue. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Pringle, Mary Florence McLelland. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Proulx, Claude Hector. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Quinn, Francis Allan. 1r, 323; 2r, 334; 3r, 343; r.a., 529

Reicher, Marie Becherbleith. 1r, 415; 2r, 434; 3r, 436; r.a., 808

Reilley, Clarence Joseph. 1r, 346; 2r, 381; 3r, 386; r.a., 808

Richer, Joseph Lucien Roland. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Rojzskies, Margit Szilagyi. 1r-2r-3r, 538; r.a., 809

Rook, Beverly Joan Smithson. 1r, 151; 2r, 171; 3r, 177; r.a., 412

Ross, Eleanor Wanda Leshynska. 1r, 345; 2r, 381; 3r, 385; r.a., 808

Rudner, Mary Elizabeth Rainsborough Archer. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Ruelokke, Rosanne Dolimont. 1r, 467; 2r-3r, 468; r.a., 809

Russell, Merita Helen Gertrude Alarie. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Rutenberg, Muriel Ethel Serchuk. 1r, 415; 2r, 434; 3r, 436; r.a., 809

Said, Marie Juliette Pauline Josette Beaudoin. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Sanderson, Christina Maxwell Biggs. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Sartori, Judith Margaret Bianchi. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Schneider, Johann. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Schubert, Freda Levine. 1r-2r-3r, 538; r.a., 809

Schwartz, Sidney. 1r, 415; 2r, 434; 3r, 436; r.a., 809

Scott, Beatrice Bellamy Drysdale. 1r, 113; 2r, 136; 3r, 146; r.a., 233

Sedawey, Evelyn Zigayer. 1r, 345; 2r, 381; 3r, 385; r.a., 808

Sharpe, Betty Taylor. 1r, 151; 2r, 171; 3r, 177; r.a., 412

Sherwin, Margaret Patricia Winckworth Thornton, 1r, 151; 2r, 171; 3r, 199; r.a., 413

Sherwood, Robert Maurice. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Showler, Edwin. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Showler, Joan Collie. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Silver, Norman. 1r, 158; 2r-3r, 184; r.a., 412

Silverman, Gilda Rosen. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Simard, Francisca Catharina Sanders. 1r, 346; 2r, 381; 3r, 386; r.a., 808

Sinclair, Olive-Jane Frances Piper. 1r, 126; 2r, 148; 3r, 152; r.a., 233

Skarzynski, Andrzej. 1r, 346; 2r, 381; 3r, 385; r.a., 808

Smith, Gweneth Vera Payne. 1r, 467; 2r-3r, 468; r.a., 809

Smith, Robert. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Snell, Evelyn Mae Wood. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Somers, Winifred Jean Garrett. 1r, 192; 2r, 211; 3r, 226; r.a., 413

Sosnowsky, Ruth Gruber. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Spencer, Geraldine Marilyn Woods. 1r, 415; 2r, 434; 3r, 436; r.a., 809

Spinner, Jack. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Sproule, Clarence Leonard. 1r, 126, 2r, 148; 3r, 152; r.a., 233

Stanford, Patrick Charles. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Staniforth, Virginia Marshall. 1r, 151; 2r, 171; 3r, 176; r.a., 412

Staub, Anita Fischer. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Stenstadvold, Greta Claire Van Valkenburg. 1r, 151; 2r, 171; 3r, 177; r.a., 412

Swaine, Maurice Gardner. 1r, 157; 2r-3r, 184; r.a., 412

Tahy, Eszter Jeszenszky. 1r, 193; 2r, 211; 3r, 227; r.a., 413

Templeton, Anne McCluskey. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Terry, William Arthur. 1r, 157; 2r-3r, 184; r.a., 412

Terry, William Harrison. 1r, 346; 2r, 381; 3r, 385

Thomson, Marie Aurore Cecile Gauthier. 1r, 158; 2r-3r, 184; r.a., 412

Thornhill, Josephine Gertrude Rice. 1r, 323, 2r, 334; 3r, 343; r.a., 808

Timmins, Doris Williams. 1r, 151; 2r, 171; 3r, 177; r.a., 412

Trainor, Marjorie June Gabrielson. 1r, 150; 2r, 170; 3r, 176; r.a., 412

Tribble, Dorothy June Pearce. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Turcotte, Maurice. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Turpin, Beverly Georgina Berry. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Underhill, John Charles. 1r, 415; 2r, 434; 3r, 436; r.a., 808

Urban, Joseph. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Usher, Patricia Wirth. 1r, 415; 2r, 434; 3r, 436; r.a., 808

Vaillancourt, Clarabel Ellement. 1r, 193; 2r, 211; 3r, 226; r.a., 413

Valentyne, Joseph Oliva Maurice. 1r, 467; 2r-3r, 468; r.a., 809

Valiquette, Marie Eva Desorcy. 1r, 158; 2r-3r, 184; r.a., 412

Vogel, Nicholas. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Walker, Sydney Clarence. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Warmington, Margaret Jeannette Young. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Wasserman, Samuel. 1r, 323; 2r, 334; 3r, 343; r.a., 808. (Annulment)

Watson, Annie Allish. 1r, 267; 2r, 295; 3r, 306; r.a., 483

Wechselberger, Marie Jacqueline Fernande Belisle. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Weinstein, Angela Bertha May Cohen. 1r, 467; 2r-3r, 468; r.a., 809

Weiskopf, Frances Erdanova (Erdan), otherwise known as Esther Weiskopf Weiskopf, otherwise known as Frances Erdanova (Erdan) Stern, otherwise known as Esther Weiskopf Stern. 1r, 192; 2r, 211; 3r, 226; r.a., 413

Weisman, Norman. 1r, 151; 2r, 171; 3r, 177; r.a., 412

Wexler, Hyman. 1r, 435; 2r, 455; 3r, 466; r.a., 809

White, Irene Georgina Descyca. 1r, 193; 2r, 211; 3r, 227; r.a., 413

Wilson, Shirley Bertha Marietta Birrell. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Wing, Joseph. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Wisternitz, Lisbet Schlosser. 1r, 151; 2r, 171; 3r, 176; r.a., 412

Witt, Viola Mary White. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Witwitzki, Hedwig Papp. 1r-2r-3r, 480; r.a., 809

Wojtowicz, Stefania Sobol. 1r, 113; 2r, 136; 3r, 146; r.a., 233

Woodard, Lovell Orville. 1r, 435; 2r, 455; 3r, 466; r.a., 809

Wright, Ingeborg Alves-Probst. 1r, 193; 2r, 211; 3r, 227; r.a., 413

Wright, Marie Marguerite Amelia Genier. 1r, 192; 2r, 211; 3r, 226; r.a., 413

Yarenis, Georgiu Panajtiotis. 1r, 323; 2r, 334; 3r, 343; r.a., 808

Yeaman, Muriel Marguerite Elizabeth Ada Brant. 1r, 415; 2r, 434; 3r, 436; r.a., 808

Yeo, Jewel Evelyn Bockus. 1r, 126; 2r, 148; 3r, 152; r.a., 233

Yetman, Solomon Seymour. 1r, 151; 2r, 171; 3r, 177; r.a., 412

Zidile, Anne Gold. 1r, 151; 2r, 171; 3r, 177; r.a., 412

Zilkalns, Otto. 1r, 346; 2r, 381; 3r, 385; r.a., 808