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Wednesday, April 2, 1947

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HOUSE OF COMMONS

Speaker: The Honourable GASPARD FAUTEUX

WEDNESDAY, April 2, 1947.

The house met at three o'clock.

OFFICIAL REPORT

Hon. LIONEL CHEVRIER (Minister of Transport): I should like to make a correction in *Hansard*. On March 31, during the discussion in committee of Bill No. 105, respecting compensation for government employees, I am reported in the first column on page 1950 as saying:

. . . the governor in council will seek power to enact regulations and thereafter to thwart the will of parliament which gives it the right.

This should read:

. . . the governor in council will not thwart the will of parliament but will enact regulations under the power we now seek.

PRIVILEGE

MR. MATTHEWS—EMERGENCY POWERS BILL—OMISSION OF NAME FROM DIVISION LIST ON APRIL 1

Mr. J. E. MATTHEWS (Brandon): On a matter of privilege I wish to point out that neither in the *Votes and Proceedings* nor in yesterday's *Hansard* does my name appear as having voted in the vote which was taken yesterday. I was in my place, as I usually am, and I had no hesitation in voting to sustain your ruling, Mr. Speaker.

NEWFOUNDLAND

DELEGATION FROM NATIONAL CONVENTION TO VISIT CANADA

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I should like to inform the house that the national convention of Newfoundland recently passed a resolution expressing a desire to send a delegation to Ottawa to ascertain from the Canadian government what fair and equitable basis may exist for federal union of Canada and Newfoundland. The resolution requested the Governor of Newfoundland to inquire whether the Canadian government would receive a delegation for this purpose.

Through our high commissioner in St. John's, the government has now received this communication from the Governor of Newfoundland. We have replied that we shall be happy to receive a delegation from the national convention of Newfoundland at a mutually convenient date. We said that the Canadian government is of the opinion that the questions to be discussed with the delegation are of such complexity and of such significance for both countries that it is essential to have a complete and comprehensive exchange of information and a full and careful exploration by both parties of all the issues involved, so that an accurate appreciation of the position may be gained on each side.

Yesterday, upon being informed that the Canadian government is willing to receive a delegation, the national convention elected six of its members in addition to its chairman to serve on the delegation which, in due course, will proceed to Ottawa. The chairman of the national convention is the Honourable F. G. Bradley, K.C., and I understand that the other members elected are: Mr. T. G. W. Ashbourne; Mr. C. H. Ballam; the Reverend L. Burry; Mr. G. F. Higgins, K.C.; the Honourable R. B. Job; and Mr. J. R. Smallwood.

The national convention has also elected a delegation which is to proceed to England to discuss with the government of the United Kingdom the question of the financial and fiscal relationships which may be expected between the United Kingdom and Newfoundland under various possible forms of future government. This delegation is to be received in London on April 29. We understand that the national convention desires that the visit of its delegation to Ottawa should take place after the convention has received replies to the inquiries which it proposes to address to the government of the United Kingdom. It is therefore expected that our meetings with the delegation from the national convention will take place at a mutually convenient date subsequent to the conclusion of the discussions which are to take place in London.

The government is confident that the friendship and cooperation which have marked our relations with Newfoundland will provide a firm basis for discussions with a delegation from the national convention. The delegation will, I feel sure, be warmly welcomed in Ottawa. I will endeavour from time to time to keep the house informed of developments.

[*Later:*]

WITHDRAWAL OF NOTICE OF MOTION FROM ORDER PAPER

On the orders of the day:

Mr. L. E. BAKER (Shelburne-Yarmouth-Clare): Mr. Speaker, there appears on the order paper of today, as No. 24 under notices of motions, the following proposed resolution under my name:

That, in the opinion of this house, if the constituent assembly of Newfoundland desires to enter into discussion with the government of Canada as to the terms on which Newfoundland might enter confederation, the government should at once proceed to enter discussions to explore the conditions on which Newfoundland might enter confederation.

I was delighted to hear the statement which the Secretary of State for External Affairs made to the house, and since the matter has been completely covered I would ask leave to withdraw the motion. Taking the long term view, I consider that it will be in the strategic, economic and political interest of both countries if this union can be brought about.

Mr. GRAYDON: That is a speech. That is not the way I was treated yesterday.

Motion withdrawn.

CANADIAN COMMERCIAL CORPORATION ACT

PURCHASES FOR DEPARTMENT OF NATIONAL DEFENCE

Right Hon. J. L. ILSLEY (for the Minister of Trade and Commerce) moved the first reading of Bill No. 134 (from the senate) to amend the Canadian Commercial Corporation Act.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 135, for the relief of Violet Olive Magdalene Allchin Clark—Mr. Maybank.

Bill No. 136, for the relief of Victor Reid Murray—Mr. Maybank.

Bill No. 137, for the relief of Agnes Jane Irwin Everitt Dixon—Mr. Maybank.

Bill No. 138, for the relief of Peter Samuel Rosen—Mr. Maybank.

Bill No. 139, for the relief of Rose Waselevsky Balakirsky—Mr. Maybank.

Bill No. 140, for the relief of Sophie Wener Finestone—Mr. Maybank.

Bill No. 141, for the relief of Norma Sharp Chapman—Mr. Maybank.

Bill No. 142, for the relief of Douglas Wilson Bradshaw—Mr. Maybank.

Bill No. 143, for the relief of Muriel Amelia Dufty Rochet—Mr. Maybank.

Bill No. 144, for the relief of Ethel Ornstein Pfeffer—Mr. Maybank.

Bill No. 145, for the relief of Hilda Katz Delnick—Mr. Maybank.

Bill No. 146, for the relief of Emilienne Grinsell Daoust—Mr. Maybank.

Bill No. 147, for the relief of Alice Hamilton Peck Stevenson—Mr. Maybank.

Bill No. 148, for the relief of Doris Victoria Bellisle Page—Mr. Maybank.

Bill No. 149, for the relief of Sydney Beaver—Mr. Maybank.

Bill No. 150, for the relief of Gladys Kathleen Wilkins Todd—Mr. Maybank.

Bill No. 151, for the relief of Norma Elizabeth Jane Murray Hanko—Mr. Maybank.

Bill No. 152, for the relief of Bernadette Mayford Roy—Mr. Maybank.

Bill No. 153, for the relief of Ellen Irene Gertrude Preston Hastie—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WAR ASSETS—DEBERT, N.S.—LUMBER

Mr. BROOKS:

1. Is the lumber salvaged from the Debert camp, Nova Scotia, being sold at present through war assets corporation?
2. If not, by whom is it being sold?
3. Is preference being given in purchasing to war veterans?
4. How much lumber was salvaged?
5. How much lumber has been sold to veterans and at what price?
6. How much lumber has been sold to parties other than veterans?
7. Is any of the lumber being sold outside the province of Nova Scotia?

Mr. McILRAITH:

1. Yes.
2. Answered by No. 1.
3. Yes. Preference in purchasing is given to war veterans, the purchasers being designated by Central Mortgage and Housing Corporation.
4. As of February 14, 1947, 6,194,762 F.B.M.
5. 1,686,702 F.B.M. at a total price of $68,068.38 has been sold to veterans up to March 25, 1947. Of this amount, 461,832 F.B.M. at a price of $16,846.22 was sold by war assets corporation direct to veterans designated by Central Mortgage and Housing Corporation and 1,224,870 F.B.M. at a total price of $44,541.01 was subsequently sold to Dwelling Electrical and Construction Supplies, the officially appointed agents of Central Mortgage and Housing Corporation for resale to veterans. The latter price quoted is the actual price at which war assets corporation sold to D.E.C.S. who added 15 per cent to cover handling charges. The actual price at which this lumber was sold to veterans, therefore, including the 15 per cent handling charge, was $51,222.16.
6. 2,000,000 F.B.M. has been sold to Wartime Housing Limited for use in veterans' houses.
7. Yes. The 2,000,000 F.B.M. which Wartime Housing Limited purchased was shipped into the province of Quebec.

MOUNTED POLICE—SPECIAL SECTION

Mr. STEWART (Winnipeg North):

1. Who is head of the special section of the R.C.M.P.?
2. What is his salary and what are his special qualifications for this work?
3. What are the responsibilities of the special section?
4. How many members of the R.C.M.P. are employed in this branch and what special training and qualifications are they required to possess?
5. Was the special section known as the "intelligence section" within the last two years?

Mr. ILSLEY:

1. Superintendent C. E. Rivett-Carnac, Assistant Director of Criminal Investigation.
2. Salary—$3,576.25 per annum. Qualifications—Twenty-four years' service including studies in the United Kingdom and the United States.
3. To conduct special investigations.
4. It would be prejudicial to the operations of the special section, to give this information.
5. Yes.

MOUNTED POLICE—NATURALIZATION INVESTIGATIONS

Mr. STEWART (Winnipeg North):

1. Does the R.C.M.P. supervise naturalization investigations? If so, are files kept on some or all applications for naturalization?
2. Are such files kept in connection with applicants who are not suspected of criminal activities?
3. When the investigation is completed, what is the disposition of these files?

Mr. ILSLEY:

1. The R.C.M.P. at the request of the Department of the Secretary of State reports on applicants for naturalization. Files are kept on all applications.
2. Yes.
3. They are placed in the file room.

MOUNTED POLICE—SURVEY OF CANADIANS OF GERMAN ORIGIN

Mr. STEWART (Winnipeg North):

1. Did the R.C.M.P. conduct a dominion-wide survey of Canadians of German origin after the collapse of Germany?
2. If so, how many citizens were surveyed?
3. Were any general conclusions arrived at? If so, what was the basis for such conclusions?
4. How many were employed on this survey?
5. How long did the survey take?

Mr. ILSELY:

1. A survey of some persons of German origin was in progress at the time Germany collapsed.
2. No figures available.
3. No.
4. Information not available.
5. Approximately one month.

MOUNTED POLICE—CRIMINAL SUSPECTS

Mr. STEWART (Winnipeg North):

1. Does the R.C.M.P. in certain cases check files on citizens who are not suspected of criminal activities, at their headquarters. If so, how many such files are maintained at headquarters?
2. What is the disposition of such files when the R.C.M.P. have completed their investigations?

Mr. ILSLEY:

1. Yes. Number cannot be determined.
2. Placed in file room.

MOUNTED POLICE—UNRRA EMPLOYEES—SECURITY CLEARANCE

Mr. STEWART (Winnipeg North):

1. Has the R.C.M.P. aided UNRRA in the matter of providing security clearance for prospective employees?
2. Does the R.C.M.P. still do so?
3. How does the R.C.M.P. render such assistance?
4. Has the R.C.M.P. made reference to files in their possession when clearing prospective employees?
5. If so, how many of these files exist?

Mr. ILSLEY:

1. Yes.
2. No.
3. By investigation and report
4. Yes.
5. Number cannot be determined.

MOUNTED POLICE—SUPERVISION OF MINORITY GROUPS

Mr. STEWART (Winnipeg North):

1. Does the R.C.M.P. keep minority groups, particularly European, under observation and/or supervision? If so, how are minority groups observed and/or supervised?
2. How many citizens are observed or supervised in the course of this work?

3. Have any general conclusions been arrived at? If so, what is the basis for such conclusions?

4. How many employees take part in such observations and/or supervision?

5. How long is this observation and/or supervision expected to continue?

Mr. ILSLEY:

1. Yes, if warranted. By following usual lines of inquiry.

2. No figures available.

3. No.

4. No fixed number.

5. No decision has been made.

WARTIME HOUSING—PORT HOPE

Mr. STEPHENSON:

1. What was the total cost to the government of the 50 wartime houses recently completed at Port Hope, Ontario?

2. What was the individual cost of (a) 4-roomed houses; (b) 5-roomed houses; (c) 6-roomed houses?

3. What was the agreement entered into by the government with the town of Port Hope for the building of these houses, rentals, management, and final disposition of same?

4. What was the length of time taken to complete the building of these 50 houses?

5. How many watchmen or guards were employed during the period of construction?

6. What was the total remuneration paid to such guards or watchmen?

Mr. McILRAITH:

1.

Total costs to February 28, 1947	$209,620.64
Accrued claims and commitments	17,593.74
Landscaping (to be awarded this spring)	3,000.00
Estimated final cost	$230,214.38

2.

Based on the above final costs, the average costs will be as under:

	Construction Costs
(a) 4-room bungalow	$3,892.40
(b) 5-room house	4,476.15
(c) 6-room house	5,231.12

	Improvements and Services
(a) 4-room bungalow	$ 232.58
(b) 5-room house	232.59
(c) 6-room house	232.61

	Estimated Total Cost
(a) 4-room bungalow	$4,124.98
(b) 5-room house	4,708.74
(c) 6-room house	5,463.73

[Mr. Stewart (Winnipeg North).]

3. The agreement entered into with the corporation of the town of Port Hope was the standard municipal agreement and covers the following point:

(1) The town shall convey to Wartime Housing Limited improved property for $1 per building lot.

(2) Wartime Housing Limited shall construct houses in accordance with plans and specifications filed with the town clerk.

(3) Wartime Housing Limited shall have the privilege of leasing the houses to servicemen and/or their dependents at rents ranging from $22 to $30 per month per house.

(4) Wartime Housing Limited at its own cost and expense shall carry out the management and control of the houses and shall repair, maintain and keep the houses in good and substantial repair.

(5) The town shall provide such facilities, privileges and services as are furnished or made available to other property owners and tenants.

(6) Wartime Housing Limited shall pay in lieu of taxes, for services rendered and privileges and facilities made available, the sum of $24 per annum for each house containing two bed-rooms; and $30 per annum for each house containing more than two bed-rooms. Such payments to be pro-rated during the first year.

(7) Wartime Housing Limited shall pay the town $1 per year, per house for street lighting services.

(8) The town has the right to collect from the tenants any licence, permit fee, dog tax, business tax or poll tax.

(9) Wartime Housing Limited shall be at liberty to sell the houses, and if sold prior to October 31, 1951 shall pay the town $400 in respect of the land appurtenant to each house and from November 1, 1951 to October 31, 1956, the sum of $200 in respect of the land appurtenant to each house, provided that the payment in lieu of taxes shall be pro-rated proportionately during the year in which sold.

(10) Wartime Housing Limited gives the town an option to purchase as a whole, and not individual parcels thereof, the building lots owned by Wartime Housing Limited on November 1, 1961, for the sum of $1,000 for each of the houses. The option is open for acceptance any time between November 1, 1961 and January 31, 1962.

(11) Any existing or future town by-laws respecting the manner, mode, location and type of construction shall not apply to these houses.

(12) In the event any houses are damaged by fire, Wartime Housing Limited may at its discretion either repair or completely remove the damaged building. In the event of removal, the property is returned to the town for $1.

(13) Payments in lieu of taxes as mentioned in section 6 and 7 are payable until 1961 provided that if the actual cost per house shall exceed or be less than the estimated average cost of $4,000 per house, the above period shall be extended by one year for each full $200 by which the actual average cost exceeds the estimated; and shall be reduced by one year in respect of each $200 by which the actual average cost is less than the estimate.

4. The contract was awarded June 11, 1946 and the fiftieth house was accepted for rental purposes on February 8, 1947.

5 and 6. The contract was awarded to the Eastwood Construction Company Limited on a firm price basis and detail in connection with labour is not available. Total remuneration however paid to guards or watchmen was $856.80.

RIFLE ASSOCIATIONS—SMALL ARMS AMMUNITION

Mr. CRUICKSHANK:

1. Have any civilian rifle associations made application for small arms ammunition?

2. Have their applications been granted?

3. If not, what is the reason for such requests not being granted?

4. Has any small arms ammunition been disposed of by sale, dumping or other method?

5. If so, why was this ammunition not made available to members of the Pacific Coast Militia Rangers or Civilian Rifle Association?

Mr. LAPOINTE:

1. Yes.

2. No. However ammunition is provided to the Dominion of Canada Rifle Association for issue to military rifle associations.

3. These are civilian organizations and under present regulations no issue of rifles and ammunition to such organizations is authorized.

4. Unserviceable ammunition has been destroyed. Serviceable ammunition surplus to service requirements has been declared surplus to war assets corporation for disposal.

5. Answered by No. 3.

POSTAL SERVICE—CANADIAN PERIODICALS—SECOND CLASS MATTER

Mr. PROBE:

1. What revenue was received by the department of the Postmaster General for each of the years 1944, 1945, and 1946 for Canadian periodicals mailed as second class mail matter?

2. What was the charge to the department by commercial carriers for the periodicals specified?

3. What was the estimated profit or loss to the department for handling these periodicals in the years mentioned?

Mr. BERTRAND (Laurier):

1. Revenue from all newspapers and periodicals mailed by publishers was approximately: 1944, $2,052,100; 1945, $2,041,520; 1946, $2,279,285.

2. Payments to commercial carriers for conveyance newspapers and periodicals are not kept separately from payments for conveyance other classes of mail, but according to statistics taken recently it is estimated that the cost of conveyance of newspapers and periodicals by railway and steam boat amounts to approximately $2,809,350 per annum.

3. The loss in handling newspapers and periodicals is estimated at $7,287,400 per annum.

SHERBROOKE-SHEET HARBOUR, N.S., MAIL SERVICE

Mr. LOW:

1. Who is the mail contractor on the route from Sherbrooke to Sheet Harbour in Nova Scotia?

2. What amount of money does he receive per year for the contract?

Mr. BERTRAND (Laurier):

1. T. E. Fraser.

2. $3,939.99 plus 5 per cent bonus ($197)—total $4,136.99.

DISMISSALS FOR SUBVERSIVE ACTIVITIES—COURT OF APPEAL

Mr. WINKLER:

Has the government taken any action to set up something in the nature of a court of appeal whereby employees of a non-permanent nature dismissed because of alleged subversive activities may have an opportunity to present their side of the case?

Mr. GIBSON (Hamilton West): No.

MOUNTED POLICE—RECORDS OF PERSONS ATTENDING SUBVERSIVE GATHERINGS

Mr. STEWART (Winnipeg North):

1. Does the R.C.M.P. keep records of persons attending gatherings of a subversive character?

2. If so, how many records are there of such people?

3. What is the R.C.M.P. definition of a gathering of subversive character?

4. What is the R.C.M.P. definition of (a) record; (b) report; (c) file (d) dossier?

Mr. ILSLEY:

1. Yes, if warranted.

2. Disclosure of this information is against public interest.

As regards the charges for handling in Canada, the amount which is included in the post-

age rates is less than that which is charged for handling a similar parcel in the domestic service. Parcel post rates will be reduced whenever conditions permit.

Furthermore, the department is not in a position to waive postage, as this would cost more than $3,000,000 per annum.

RADIO BROADCASTING

SPECIAL COMMITTEE TO CONSIDER ANNUAL REPORT AND REVIEW POLICIES OF CANADIAN BROADCASTING CORPORATION

Hon. J. J. McCANN (Minister of National Revenue) moved:

That a select committee to be appointed on radio broadcasting to consider the annual report of the Canadian Broadcasting Corporation and to review the policies and aims of the corporation and its regulations, revenues, expenditures and development, with power to examine and inquire into the matters and things herein referred to and to report from time to time their observations and opinions thereon, and to send for persons, papers and records; and that the said committee shall consist of the folowing members: Messrs. Beaudoin, Bertrand (Prescott), Bowerman, Coldwell, Diefenbaker, Fleming, Fulton, Gauthier (Portneuf), Hackett, Hansell, Knight, Langlois, Laurendeau, Maloney, Maybank, McCann, Mullins, Nixon, Pinard, Robinson (Simcoe East), Reid, Ross (Hamilton East), Ross (St. Paul's), Smith (Calgary West), and Winters, and that the presence of at least nine members shall be a quorum of the said committee and that standing order 65 be suspended in relation thereto.

Mr. A. L. SMITH (Calgary West): I intend to support the motion and I will only take your time, Mr. Speaker, for a sentence or two. I wish to express the hope that the house at this session will find time, as we did not during the last session, to deal with the report of the radio committee, and particularly to find out whether or not this House of Commons is in favour of handing to any corporation complete power of regulation and control over concerns in opposition to it. We did advocate and will continue to advocate that some independent body shall stand between the corporation itself and its opposition, who are in competition in the advertising business. I wish to express to the minister my appreciation of the setting up of the committee. With that I hold my peace.

Motion agreed to.

LABOUR-PROGRESSIVE PARTY OF CANADA

On the orders of the day:

Hon. J. J. McCANN (Minister of National Revenue): Yesterday the hon. member for Trinity (Mr. Skey) asked a question as follows:

I should like to ask the Minister of National Revenue whether the Canadian Broadcasting Corporation has now been instructed that the Labour-Progressive party of Canada is no longer entitled to free time on the C.B.C. national network.

My answer is that under the Canadian Broadcasting Act the Canadian Broadcasting Corporation is itself responsible for its own broadcasting activities, and in connection with them it does not take instructions from the government. I might interject too that the government does not presume to give instructions to the Canadian Broadcasting Corporation. The corporation last September adopted an amendment to its own white paper on political and controversial broadcasting providing that a party which has no representation in the House of Commons shall not be provided free political time on national C.B.C. networks between election campaigns.

UNITED NATIONS

JOHN GRIERSON—QUESTION AS TO APPLICATION FOR DIPLOMATIC PASSPORT

On the orders of the day:

Mr. E. D. FULTON (Kamloops): I should like to ask a question of the Secretary of State for External Affairs. Has Mr. John Grierson applied to the Canadian government for a diplomatic passport, as adviser to the director of UNESCO, or has he made any approaches to any department in that regard? If he has, what will be the government's attitude with respect to such application?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The answer is no. There has been no application for a diplomatic passport, but it is customary to accord diplomatic immunities to officials of the united nations, and Mr. Grierson will be treated in that regard in the same way as other officials of the united nations.

CANADIAN REPRESENTATION AT MOSCOW

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I wish to direct a question to the Secretary of State for External Affairs. Is there any change contemplated with respect to Canada's representation at Moscow? I ask the question because the Under Secretary of State for External Affairs indicated that he was hoping for an appointment very soon either to China or to Russia, and I should think the latter is the only one which might conceivably be open.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I am not sure that the words "very soon" were in the statement made by the under secretary of State.

I understood it to be the expression of a pious hope. I am afraid that the under secretary will have to resign himself to the position he now occupies for some considerable time; at least, that is my hope, if I am to remain in the office.

INQUIRY OF THE MINISTRY

DATE OF HALIFAX BY-ELECTION

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I wish to direct a question to the acting leader of the government. It arises out of some anxiety in Halifax as to whether the government is in a position to indicate approximately on what date the Halifax by-election might take place.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Although I do not like to use this form, I think I shall have to use it on this occasion and say that the intentions of the government in that regard will be made known in due course.

Mr. GRAYDON: Can the minister indicate whether the government has had a late meteorological report on the conditions of the weather in Halifax?

Mr. ST. LAURENT: The answer is, no.

RENT CONTROL

PRESS REPORT OF TEN PER CENT INCREASE

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I wish to direct a question to the Minister of Finance. Has his attention been drawn to a report in to-day's issue of the Montreal *Gazette* to the effect that a ten per cent increase in rent is to be announced on Thursday? Is that report true or false?

Hon. DOUGLAS ABBOTT (Minister of Finance): I have not seen the report.

Mr. KNOWLES: Is it true or false?

Mr. SPEAKER: Order.

Mr. ABBOTT: This is not a radio programme.

EMERGENCY POWERS

CONTINUATION OF CERTAIN ORDERS AND REGULATIONS

The house resumed from Tuesday, April 1, consideration of the motion of Mr. Ilsley for the second reading of Bill No. 104, to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war, and the amendment thereto of Mr. Fleming.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, while this bill we are considering deals with certain controls set out therein, nevertheless I think it has been clear from the course of the debate that the whole principle of control and the attitude of members of this house toward the controlled economy is an important element, and at the outset I should like to make some rather general observations on that point.

I have the feeling that at the present time there are two views which, like the parallel lines we learned about at school, if produced ever so far both ways will not meet. My own feeling is that that should not be so, that these differences are not absolute. It is my hope to say some things which might enable those parallel lines to come a little closer together. Of course one hopes that when the parallel lines come closer, the line which inclines will be the other one and not one's own line. However, that is as may be.

Mr. KNOWLES: Is that what you were doing yesterday?

Mr. MACDONNELL (Muskoka-Ontario): Yesterday is past and we are down to serious things again. Yesterday was All Fools' day, and that includes everybody.

Mr. COLDWELL: Particularly those who voted the wrong way.

Mr. WRIGHT: Both ways.

Mr. MACDONNELL (Muskoka-Ontario): It is natural I suppose that I should seem to address some of my remarks mainly to the gentlemen on my immediate left. I do that with great respect, and I do it with the feeling that while our views differ very greatly, nevertheless we are pursuing the same objective, although we sometimes forget that. It is with that in mind that I begin.

I wish to begin by referring to certain views expressed by the leader of the C.C.F. party, because frankly I am puzzled from time to time as to what his actual view is on this important question. I want to read this sentence from what he said on a previous occasion—and I hope this will not be an infringement of the rules. I quote from *Hansard* of February 3 last, page 72:

> The struggle today is really between those who believe in social ownership and cooperative endeavour and those who believe in the continuance of the exploitation of the people by powerful groups of vested interests.

I regret the word "exploitation". I have looked it up in the dictionary in order to make

quite sure what it means. The word "exploitation" has a sinister sense. It means that certain people are trying to take unfair and oppressive advantage of other people, and I shall have more to say about that. I wish to make it clear that I am not trying to gloss over the defects and dangers and failures of the system I believe in. Nevertheless I regretted that word.

I propose now to refer to another statement which the hon. gentleman made and which I suggest to the house and to him is a very different statement. I think I have him almost word perfect if I recall that he said in this house: "I do not object to private enterprise, but if they take the profits they must take the risks." I approve of that. I am not objecting to a single word in it. I wish to appeal to the hon. gentleman—and I shall not ask him to answer now—as to which of these two voices I should listen to. I am going to recall to him a saying which I looked up the other day. I have often heard the saying "to appeal from Philip drunk to Philip sober", but I never knew what it meant until the other day.

Mr. COLDWELL: Until yesterday.

Mr. MACDONNELL (Muskoka-Ontario): I allow the hon. gentleman to have his score. I looked it up the other day and found that it refers to an evidently famous incident in literature where Philip of Macedon had given a judgment on a certain woman and she said, "I appeal." The king, who apparently had been dining not wisely but too well, said, "You appeal to whom?" She said, "To Philip when sober." And apparently her appeal made when he was sober was successful. I am now going to appeal to the hon. member for Rosetown-Biggar (Mr. Coldwell); and when I say intoxicated of course I mean merely with the exuberance of his own thoughts, but I am going to appeal to him in that quality, to what I consider the sober quality in which he uttered the words, when he said he did not object to private enterprise but if they took the profits they must take the risk.

I now wish to come to his colleague, who is not here today but at present is flying somewhere on the way to Vancouver, and I hope high up in the air over the Rocky mountains. He spoke last night and I think he made too good an argument against freedom; and when I say "freedom" may I there say freedom cannot be absolute. What we want is as much freedom as we can have. We start from that point of view, recognizing at the same time there must be some regulation. I take it also that when we talk about a fully planned economy what we have in mind is the people who would like planning and want as much planning as possible and will only leave that area of freedom which is over after there is as much planning as they consider wise.

As I was saying, I think the hon. member for Vancouver East (Mr. MacInnis) last night made too good an argument. First of all, he talked about "cut-throat competition"; then he went on to talk about "exploiting". I suggest you cannot have it two ways. If you are going to have cut-throat competition, surely that very phrase means that you are going to get the advantage that we say comes from competition. You are going to get low prices. I am not forgetting that cut-throat competition can in the end by a process that sometimes happens lead to monopoly, and I will have something more to say about that later. But I still say the hon. member made too good a case when on the one hand he decried cut-throat competition and on the other hand went on to talk about exploiting. You cannot have it both ways at the same time.

Then he went on to another thing which I do not think he really meant. He said that we in this party—and this is often said—are intent on going back to those conditions which brought tragic results before the war. I think that is what he said; I took it down at the time. I do not think he meant that. I do not think anyone in the group to my left means that we, more than anyone else, want to go back to those conditions. We admit the evil of those conditions; but that is being used as a convenient thing to throw at us, and therefore I am going to make just two comments about it. I am going to remind people of two things, first of all that we were not responsible for those conditions. I am not going to suggest who was responsible. Perhaps it would not be unfair to say that in the gay twenties governments were inclined to believe that booms could go on forever, just as private individuals did.

I am not going to say anything more about that except that I think during those years the leader of this party, Lord Bennett, who was in power then, tried courageously to meet difficult and unprecedented conditions and did devise schemes which, though perhaps not perfect, in the years succeeding were in effect followed, with adaptations if you will, and that he did break the ground with courage and energy in trying to deal with a situation which had never been foreseen and which was extremely difficult. While commenting on that point I should like to say that when people say we want to go back to the conditions of the thirties, that is a very unfair thing because we accept, as everyone accepts, the fact that there have been great changes since that time.

What have been the changes since then? I shall mention two or three. In the first place we have grown to accept a measure of social security and social services that was not accepted then. Second, we have grown to accept the measure of taxation which is necessary to maintain those social services. Third, I would point out—and I go back to what I said about freedom—that freedom is never absolute. The other day our own party went on record in favour of certain floor prices. We recognize that in the thirties the farmers were left exposed to the full force of the blizzard while other people were able to get some shelter, at any rate. Therefore, as I say, when anyone suggests that we are prepared to go back to the conditions of the thirties, in my opinion that is a very unfair statement and one which should not be made.

Mr. KNOWLES: We claim that would be the effect.

Mr. MACDONNELL (Muskoka-Ontario): I doubt if everyone to my left is quite as careful as my hon. friend in the statements he makes, or rather in the statement he makes now.

Then I should like to turn to this question of planning, because I think I can understand why planning is attractive. But let us bear in mind that it is planning for other people that is attractive, that there is not so much attraction in having other people plan for us. I think it very important to remember that. Last evening I believe the hon. member for Vancouver East (Mr. MacInnis) had that in mind when he made what I think was a very wise statement in regard to planning. At page 2003 of *Hansard* he said:

> We all object to interference with our freedom. I do; indeed, if there is anyone who likes to have his own way more than I do, I should like to meet him.

I thought that was a very sound observation on the part of the hon. gentleman. I was reminded of the story with which no doubt all hon. members are familiar, of the Irishman who was having the judgment day expounded to him. After it had been explained he asked, "Well, will the Murphys be there?" He was told, "Yes, they will be there." He asked, "Will the O'Flahertys be there?" He was told, "Yes, they will be there." "Will all the Finnegans be there?" "Yes, they will be there." Then he said, "Well, I'm thinkin' there'll be mighty little judging done the first day." I thought that might be said in regard to planning and regulating the hon. gentleman, who today is absent.

I said I wanted to see if there was not some area of agreement, to see if these parallel lines could come together at all, because when we are talking about these matters which go to the very root of our economic welfare in the future I think it desirable that we should try, as far as we can, to talk the same language. I suggest that there is an area of agreement. I suggest, for example, that we will all agree and are all agreed that the tremendously important thing now is production. That is becoming a terribly commonplace expression, but let us remember that it was not always commonplace. Let us remember that we were suffering, or thought we were suffering years ago, from over-production. In that connection I want to read a sentence or two from the British white paper, because it is interesting I think, to have the case as set out by Mr. Attlee to the British people, and it is interesting to read the remarks he made which I think *mutatis mutandis* apply to us here. At the end of this long paper he has this to say:

> Apart from these special dangers—

Which he has outlined.

> —the great difference between our economic conditions today and those between the wars is that, for as far ahead as we can see, there will be a high demand for the products of industry. It would appear that there is no danger for many years to come that industry as a whole will have to work below capacity because of a falling off in the general demand for its products.

And later he said:

> The problem of today is to increase production to fill the gap between the quantity of goods on the market and the amount of purchasing power available to buy those goods. We must remove the idea of spinning out production in order to avoid unemployment, or of restricting output in order to safeguard earnings. On the contrary, industry, employers and workers alike, must be ready to adopt every possible means of increasing production, secure in the knowledge that this does not carry with it any threat to employment.

I say I think we can agree on the question of production, and I come next to the question of incentive. That is not so easy; nevertheless I feel—and I have now in mind particularly hon. gentlemen immediately to my left—that particularly when you are talking to those who are farmers you are talking to people who do understand incentive, because after all if there is any man in the world who has an incentive it is the farmer, who works and gets the fruits of his own labour under his own vine and fig tree. Therefore I suggest that when farmers are thinking about this question of incentive they must have very much the same attitude as the rest of us; and I suggest also that when farmers are thinking about controls they should realize—and I think this is very important—that by far the greater part of their own economic life is lived entirely free of controls, that the only controls they seek,

as far as I know, are controls in connection with prices and in connection with their own marketing. The great part of their life is entirely free of controls.

In connection with this matter of incentive I should like to read an extract from an article appearing in the London *Economist*, that great English liberal weekly. I always object to the fact that this fine word "liberal" has been appropriated by a political party. Today I was wondering if one could not accuse the Liberal party of something like grand larceny for having chosen this word, which is a fine and noble word, and put it to uses which even the Minister of National Health and Welfare (Mr. Martin) would not suggest are always fine or always noble.

Mr. MARTIN: May I respectfully point out that the hon. gentleman belongs to a party that once used the word "Liberal", but for some reason best know to itself, dropped it.

Mr. MACDONNELL (Muskoka-Ontario): We found ourselves in bad company, and thought we had better get away from it.

Mr. KNOWLES: You took the word "Progressive" from them.

Mr. MACDONNELL (Muskoka-Ontario): Oh, no; I think they took it from us. On this question of incentive I should like to read from an article called "The Carrot and the Stick", which appeared in the London *Economist*. I recommend it to everyone who has not read it, because it seems to me to go to the basis of these matters, and the paragraph I am going to read at least has this advantage, that it criticizes everybody right across the board, the government, employers and employees. It ladles out criticism indiscriminately. It says:

But the whole drift of British society for two generations past has been to whittle away both at the carrot and the stick, until now very little of either is left.

Hon. gentlemen will appreciate, probably, that the carrot is the incentive which comes from profit and one's own earnings, the stick is the incentive such as you have in Russia, which comes from fear of unemployment, or some other kind of fear.

An hon. MEMBER: Who is the donkey?

Mr. MACDONNELL (Muskoka-Ontario): We are the donkey. The article continues:

The rewards of success have not merely been shrivelled, they have been poisoned, since commercial success itself has been turned, in the eyes of wide circles of society, into a positive disgrace.

I should like to interject at that point a quotation from an English farmer. And I should think that my quoting from a farmer would commend itself to some extent. He has one or two things to say about industry which I have found most interesting, and which I should like to interject right here. This is what he says:

In fact, for some years now if a man dared to risk capital in any private enterprise he has been popularly and officially looked upon as a blood-sucking parasite, a regrettable but necessary nuisance, whose task should be made as difficult as possible. In short, the employer, as a member of the "boss class," must be hated and scorned, whereas the reformer or anyone whose job it is to inspect the employer's methods, is nationally applauded and respected. Yet I doubt very much whether a life spent in inspecting the work of other men is so wholly admirable.

And later on:

My point is that while the old system runs it is the members of the much despised and hated "boss class," who at their own risk finance, start, run, maintain and worry over productive enterprise; and that the reformer neither starts any business, runs one, nor risks any of his capital in one.

And I think at that point I might quote Mr. Churchill, who once made, as he so often did, an apt remark in this connection. He said what we should complain about was not the man who makes a profit, but rather the man who does not. Because, he said, after all his business goes broke and he ceases to be an employer.

And now I go on from the *Economist*:

There is a conspiracy of labour, capital and the state to deny enterprise its reward. The state takes it away in high taxation. All economic progress is, by definition, labour saving; yet the attitude of the trade unions, successfully maintained, is that they will permit labour-saving devices only provided that they do not in fact save labour. Nor is the attitude of organized capital any better. The embattled trade association movement has had great success in building up a code of industrial good manners which puts any attempt to reduce costs and prices by greater skill or enterprise under the ban of "destructive competition." The industrialist who discovers a way of making better things more cheaply (which is what he is sent on earth to do) is deprived by the state of all pecuniary return and by his own colleagues of any social reward. Instead of a carrot he gets a raspberry.

And there is one further quotation from the *Economist* I wish to read:

Britain finds herself today between two great competitors both of whom, in their different ways, keep a sharp edge on the motives that lead to action. In the United States, glittering prizes have always been offered to the ambitious, and they glitter no less today. Some attempts have been made in America to encase the stick in velvet, but they have not gone very far. The difference in welfare between employment and

unemployment, between success and failure, is still unmistakably sharp, and to offer to the incompetent the protection of restrictive practices is (with the time-hallowed exception of the tariff) contrary both to the law of the land and to the prevailing morality. The Soviet economy made an original attempt to do without incentives or sanctions, but it has long ago re-introduced them. Nowhere in the world today is a bigger premium paid for skill or intelligence or effort or (within the limits of a planned economy) enterprise. And nowhere, certainly, are the penalties of incompetence or laziness more sharp.

I want to come back now for a few minutes to these two kinds of economy, the so-called planned and the so-called unplanned. In the first place let me say that the idea that an unplanned economy is unplanned is sheer myth. Nobody believes that a business could last for one week if it were not planned. Every business is planned. The difference between the fully planned and what is sometimes called the unplanned economy, or what I call the private enterprise economy or the free enterprise economy, is this: it is the difference between a few people planning for all, with thousands and thousands of officials and people planning for themselves—and it will be noted that I am not using the word "bureaucrats".

Mr. ILSLEY: It is an improvement.

Mr. MACDONNELL (Muskoka-Ontario): They have thousands and thousands who come under them to carry out their will.

I should like to give some figures I have here to show what has happened in England in that respect. In England apparently civil servants increased in number from 1,450,000 in 1939 to 2,130,000 in 1946. And I should like to remind hon. members of the remark made in the house not long ago by the hon. member for Stanstead (Mr. Hackett) when he pointed out that this huge mass of officials has invaded office buildings in a flood, so that not only are they themselves withdrawn from useful work, but they are actually an obstruction to other people who hope to do productive work.

Mr. COLDWELL: How many of those officials are there because of the war?

Mr. MACDONNELL (Muskoka-Ontario): I cannot answer that.

Mr. COLDWELL: Because our own figures have gone up, too.

Mr. MACDONNELL (Muskoka-Ontario): Yes, and I am glad my hon. friend mentioned that, because our own figures have gone up enormously. I believe they have gone up, roughly speaking, in the civil service, from 75,000 to 150,000. And I think that does not include special boards.

Mr. McCANN: It is 133,000.

Mr. MACDONNELL: (Muskoka-Ontario): We should have had that figure before, because we have not heard it up to now.

Mr. McCANN: That is the official figure from the bureau of statistics.

An hon. MEMBER: It does not take into consideration crown companies.

Mr. MACDONNELL (Muskoka-Ontario): As I said, in the fully planned economy we find a few people at the top and a mass of civil servants to carry out their will. That implies two things; it implies, first of all, that you have comprehensive wisdom at the top, which, I maintain, just does not exist. And secondly it means that when you have that planning at the top, you must have your planning carried out.

For instance, if certain decisions are arrived at regarding labour, then I think it is quite clear you cannot have collective bargaining in force. There may be some question raised as to that, but that is my belief.

From what is happening in England, a country which we think of as the home of freedom, I think it is clear that you have there today a situation under which, unless you are a member of a trade union—and not only of a trade union, but one of the trade unions which is right inside—you are in an invidious position. I note that an hon. member shakes his head. I must frankly admit that I was greatly surprised, and I cannot give proof of what I say. All I can say is that I have asked serious people if that is so, and they have told me it is so, and that we have now, even in free England, a situation which we think of only in those states which we regard as the home of tyranny.

I might digress by referring to the fact that an unprecedented thing happened in England a month ago during the crisis when the weekly papers were—I will not say banned, but they were told to stop publication. I hold in my hand the *New Statesman and Nation*. I believe it can fairly be said that it is a very strong supporter of the government. I would say it is far to the left, but this publication read the government quite a lecture. As to the ban it said:

This suggests an attitude infinitely remote from present day realities. Lord Salisbury could afford to be as aloof as this; Mr. Attlee certainly cannot But even Lord Salisbury would not have gone as far as Mr. Greenwood—

One of the ministers.

In reply to a question about the suspension of weekly periodicals he said: "I would not have thought that serious and enlightened opinion would suffer by having a fortnight in which to think for itself." The remark could

scarcely have been worse. In the first place, it showed a remarkable indifference to the principle of the freedom of the press, and secondly, it implied that it did no harm to leave educated people without the facts and arguments on which to form an intelligent opinion.

I have rather digressed there, because it seems to me that when you will certain things, you will the consequences of those things. And when we start out with planning, it takes us a long way.

Let me give an illustration we ran across the other day in the banking and commerce committee. Incidentally I might say that the officials I met created a favourable impression. I should like to give an instance of just what happens and how far people can go. We had a case raised there where steel was being rationed for export. There was not enough to go round and the companies were being given only enough to make a kind of token export in order that they might be in position to keep their foreign connections. One company was denied steel, and the basis of that denial was perhaps plausible. It was considered that their form of manufacture was not likely to be long continued because they were selling to Holland and it was thought that purchases by Holland might not continue very long because we had made a loan to Holland and they were buying with the proceeds of that loan. Another company was allowed to export. The officials were quite frank about it, as I say, and they put forward an argument which was interesting and which you could not brush aside.

My only point is this: When you start planning, where do you go? It seems to me that inevitably you drift into the position where you must begin to play the part of Providence. Several times within the last couple of days we have heard the phrase "orderly decontrol". I think that is a reasonable phrase, but we have also heard the phrase, "we must not decontrol until all risk is removed." I do not think the minister used that phrase, but it has been used. The officials get that idea and I think it is inevitable that they should. I am just pointing out that when we start this planning business we start on a path which takes us far.

I want to mention another place where it takes us, and in this connection I intend to read an extract from the report of the war-time prices and trade board. We come to the point where we are making criminals out of our citizens. That is another thing we should have in mind. The Minister of Finance (Mr. Abbott) ruined one basic part of this speech by announcing yesterday the decontrol of prices on used motor cars. I sent him a note of remonstrance and told him that I thought he should delay it. However, I am not going to hold a grudge against him but I admit this part of my speech would have been much better if they were still under control. However, they were under control at this time yesterday. At least, we did not know that they were being decontrolled; only the press knew that.

I want to read this, and I am very serious about it because it just shows where we go when 51 per cent of us undertake to invade the rights of the other 49 per cent. People will say, "Do we not invade their rights in the matter of education; do we not invade their rights in the matter of tariffs?" My answer is, "Yes, we do; you have to have a tariff. You cannot have every one making his own tariff." The hon. member for Rosetown-Biggar (Mr. Coldwell) shakes his head there, but we do have to have a tariff. While you and I may not agree about it, we have to work under the same tariff. If 51 per cent vote for it, we have to have it.

Then we have to send our children to school. No one will object to that except a few cranks. I suggest that the reason free institutions have been maintained in British countries so much longer than anywhere else is that we have not invaded the people's rights any more than we have needed to. We have left them as much freedom as possible. I would commend this argument to you by just reading a paragraph from the report. I suggest that this shows what happens or what may happen every time we begin to control. Every step we take in the way of control leads us into so much of this sort of thing. This reads:

> The price ceiling on used automobiles has proven extraordinarily difficult to enforce.

I would think it would. I think I am a law-abiding man and I am a rather timid man. I think even if I had wanted to sell my old car I would not have done it, and that would have been partly out of fear. But I can imagine the ordinary citizen asking himself why in heaven's name he should not be allowed to sell his used car. Why it should be regarded as a necessity which should be controlled has never been clear to me. However, it is not controlled now and I will say no more about it. This continues:

> The demand for automobiles has been exceptionally heavy and the production of new vehicles to supply that demand has been so beset with shortages and other difficulties that the demand has pressed heavily on the existing supply of used automobiles. Enforcement problems here are concerned not only with organized gangs but also with the irresponsible "fly-by-night" type of illegal dealer and with the private individual who attempts to obtain an excessive price for his own automobile.

I suggest that hon. gentlemen consider where they have to go once you get into controls. Let me quote the last sentence, which reads:

> All types of alleged offenders must be checked if the prices of used cars are to be controlled, yet the number of sales of such vehicles is so great that it is almost impossible to keep up with the work of investigation and prosecution.

I was going to say persecution, but it is prosecution. I submit very earnestly for the consideration of this house that that is a relevant matter. I go back again and say that when you have these controls, they have to be enforced or it makes a fool of every one. That is a matter for consideration.

I want to say a word about the planned economy I have tried to picture, this over-all planning with its thousands of thousands of officials which enter into the people's daily lives. I understand that Mr. Strachey said the other day that this justified the use of something like *agents provocateurs* in order to find infractions of the regulations. It is reported that he said that that was justified. I suppose when you get into this business you have to be efficient. If you are going to control people, you have to control them and you have to do the things that are necessary. No doubt that is the answer that will be given. That is one side of the question.

The other side is that people are trying their best to produce. I was shocked the other day when the hon. member for Dauphin (Mr. Zaplitny) made the remark that he did not think the manufacturers were interested in production, they were just interested in profits and money. He gave a very harsh and unflattering picture of our manufacturers. I put it to hon. members here in this house; is that a true picture? Is this a group of people who somehow or other are so different from the rest of us, who are so wicked that they are pursuing a life which is reprehensible to all the rest of us? I suggest that that picture is exaggerated.

Mr. ZAPLITNY: I did not call them wicked.

Mr. MACDONNELL (Muskoka-Ontario): I am only interpreting what the hon. member said, but he did say that the manufacturer was not interested in production. I have had a fairly considerable experience with business men and I would say that the ordinary business man is interested primarily in doing a good job. He is interested in making profit, of course. I remember one business man who was doing a very good job. He was turning out the best article he could at the lowest price. He used to say that profit was a by-product, that if a man did a good enough job and did it well enough, he would make a profit. That man was interested primarily in doing a good job, and I suggest that that is true of most manufacturers.

Another great advantage in carrying on privately is that they find out if they are wrong. These men are checking each other. We talk about the profit system, but it should be called the profit and loss system. It has been said in this house that the manufacturer fixes his own prices. He does nothing of the kind. If he fixed his own prices, would there be the failures we see at every turn? Of course there would not. As long as there is competition he does not fix his own prices. I will come back to this question of competition, but I see my time is running out and I must hurry on.

I do not want to sit down without doing justice to the point which I said I would try to do justice to, and that is the failures on the part of the private enterprise system. I know that competition is often blunted; I know that there are such things as price agreements; I know that there are such things as near-monopolies. I say, and I wish that every business friend of mine could hear me say, that we who believe in the private enterprise system have to see that there is real competition, and we should be prepared to say that in these cases—there are some, such as the telephone business where a monopoly or a near-monopoly is probably the sane and sensible thing—there should be regulations. We cannot have it both ways.

I wish to say also that I think we should be assiduous, astute and careful to find every way we can to produce real competition. I am not denying that it is not difficult. I am saying that those of us who believe in competition, must accept what I think Herbert Morrison once said in England: "We want private enterprise, not private unenterprise." Those of us who believe in competition should agree with that. I agree with it.

The other day I was struck by a speech of the late Sir Alfred Mond, which he made in the British House of Commons twenty-five years ago in an interesting debate with the late Right Hon. Philip Snowden. I commend it to hon. members. He said he had been told by an American business man when speaking of the efficiency of large combinations, that when one of them was unscrambled into its relative parts the relative parts had been able to do a more profitable job than had been done before; they were more efficient because they got rid of the deadening red tape and the overhead which were involved in the huge

combinations. I was interested in that; and the other day I was interested and pleased to read that cost figures do not show that the largest companies have the lowest cost figure. I read a responsible publication—I am sorry I have not it here today—which showed that cost figures would indicate that it was the companies of moderate size which had the lowest cost. Therefore I say that there is no reason for those of us who believe in freedom, those of us who desire the largest possible area of free economy in the country, to feel that it cannot be efficient. If you look back on the record I suggest that any fair-minded man will admit if it can be kept free, if we can have competition, if we can have a system whereby individual energy and all the other incentives that can be applied, can be brought to bear and put to the fullest use along with regulations where they are necessary, that is where we get the incentive; that is how we shall get the production; and then we shall get the social security that we all desire.

Mr. BONA ARSENAULT (Bonaventure): We have listened to an able speech from the hon. member for Muskoka-Ontario (Mr. Macdonnell), but I am afraid that it is pretty hard for me to share some of his views on the subject. Last week the hon. member for Stanstead (Mr. Hackett)—I am glad to see him in the house this afternoon—challenged Quebec members representing rural constituencies to accept the control policy of this government. I am proud to say that I was one of those who rose and accepted the challenge, and I am glad to be permitted today briefly to express my view on this measure which provides for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

In spite of what we have just heard from the hon. member for Muskoka-Ontario, I am one of those who firmly believe that the Canadian people do not want to go back to the year 1921 and its wholesale price index of 225 with the cost of living index at 200. The Canadian people know that we cannot go back to 1929 and its miserable crash; that we cannot go back to the thirties and that awful period of economic crisis, of total unemployment and of shameful starvation for tens of thousands of Canadian people in a country of plenty. The Canadian people know that we cannot go back even to the year 1939 with its 700,000 unemployed Canadians. Therefore I am one of those who firmly believe that the horse and buggy days are over. If we are not to go back to these tragic years, then the hon. member for Stanstead or any of his colleagues who oppose this measure will have

[Mr. Macdonnell (Muskoka-Ontario).]

to devise a better means than that provided in this bill in order to protect the interests of the common people of Canada before I am convinced—and that also applies to my constituents—that I should not heartily support this bill. Whether we like it or not, that means holding on to the controls, and holding on to them as long as is essential for the common good of the Canadian people.

I will go farther than that. Not only does it mean the retention for the time being of such controls as we know to be beneficial to the Canadian people in order to hold and stabilize our post-war economy, but in many cases it also means the reimposition of some of the controls which have been lifted. I shall go still farther—and I am in good company, along with the hon. member for Quebec South (Mr. Power) and many other hon. members—and say that I believe it is possible—it should be possible—to devise some means whereby we shall never return to the old system of control by private enterprise to the detriment of the common people of Canada.

What is worrying me today? It is not the control bill; not at all, but the very fact that this government is shifting too fast from second gear to high gear in its decontrol policy. I am afraid, Mr. Speaker, that there are too many obstacles on our economic highway to justify too much speed. What is worrying the householders of Canada today is not this bill, but the very fact that a higher cost of living is around the corner. And higher costs of living will follow decontrol measures such as those announced in the house yesterday. I am afraid that a further rise in prices is inevitable. In many cases decontrol means higher prices and higher prices mean hardship, particularly in the lower income bracket.

Hon members are aware of the fact that that is a consequence which may follow in years to come. World-wide shortage of basic materials and foodstuffs limit the supplies of commodities available in Canada. The immediate removal, such as suggested by some opposition members, of such controls would ensure inequitable distribution of goods and foodstuffs throughout our country and would overnight create dissatisfaction, confusion, if not disaster, and chaos in Canada. The needs of thousands of Canadians would not be met, could not be met. Hardship and a sharp reduction in living standards would follow. Of course, big business would speculate on the necessities of life as they did in the past, to the detriment of our farming, working classes, white-collared workers and other fixed wage earners. For example, if today rent and eviction controls were lifted, what would happen? We all know that there would be almost a revolution in Montreal and in other large cities of Canada.

It seems perfectly clear that the immediate removal of controls on a great number of commodities and manufactured goods would involve a disastrous price increase, which perhaps would meet the approval once again of big business but would surely not be to the advantage of the Canadian consumers. Scores of examples could be given, but I do not want to delay unduly the proceedings of the house. Take, for instance, milk. Milk was under government control and has now been transferred to provincial jurisdiction. That very fact contributed to a rise in the price of milk from ten to fifteen cents a quart in the province of Quebec, which means from $8 to $9 a month for every working-class family in the cities of Quebec using from six to seven quarts of milk a day. Nine dollars a month means something to the working man's budget when the cost of living is already so high.

What is happening in gasoline? The government had control of this commodity and it was transferred to provincial autonomy. The automobile owners of the country entertained the hope that the three-cent war tax would be lifted, that they would be relieved of that burden, but that was just wishful thinking. That tax will remain. The government have not even withdrawn from that field. The provinces jumped on it and made it not a temporary war-time tax but a permanent tax. Federal respect for provincial autonomy, I contend, at least with regard to milk and gasoline, did not bring much relief to the Canadian people in the form of dollars and cents.

What about maple syrup? When this government controlled maple syrup you could buy the syrup last year at $3.15 a gallon, and now we are asked to pay from $6 to $9 a gallon, an increase of from 100 to 200 per cent. These are not bed-time stories; they are the plain truth. This is the situation as we size it up today. And what is the result? Instead of contributing to the relief of thousands upon thousands of Canadian families, who are suffering from the sugar shortage, the bulk of our production of maple syrup is exported to United States tobacco manufacturers and candy shops.

Mr. HACKETT: Does the hon. member deny the farmer of the province of Quebec the high price he is geting for his maple products?

Mr. ARSENAULT: That is beside the point. I certainly do not deny the farmers of the province of Quebec a fair return for their product, but I will deny anyone, whether it be a farmer or a trust of any kind, the right to take advantage of the present situation; and, as regards maple syrup, I think that if the price is not stabilized at around $4.50 a gallon very shortly, then this government should step in and impose a ceiling so as to regulate the export of that commodity.

Mr. HACKETT: Don't worry. They will not do it. There are too many constituencies that produce maple syrup.

Mr. ARSENAULT: Do you think they should do it?

Mr. HACKETT: No, I do not.

Mr. ARSENAULT: All right then. I will give one more example before I resume my seat. The automobile retail trade is passing through a crisis at the present time, particularly in the city of Quebec, in the district of Quebec and throughout the eastern part of the province of Quebec. As the Minister of Reconstruction and Supply (Mr. Howe) admitted last night, there is a black market with wide ramifications throughout the province of Quebec and throughout the country, and it has reached the point where they are controlling the sales of used cars and, I will add, of new cars, which item was overlooked by the minister yesterday, more efficiently than the manufacturers and the dealers themselves. The way to secure a new automobile promptly is not to go to the dealer and have your name put on a waiting list, but to go to the black market and pay $500, $600 or $800 more for a new car. If you do that you can come back with a new car. Priorities on retail sales of automobiles have been abolished by the government, having been left to the good will of the automobile dealers and manufacturers, with the result that today we are at the mercy of a huge black market.

I heard the other day in this house that if this government lifted all controls overnight the law of supply and demand would work out all right. Well, it just does not work. It is the law of the jungle that prevails in too many instances. Automobile manufacturers find it more profitable today to export a substantial part of their production, leaving the Canadian people in a mess. The official figures show—and I have them here—that during 1946 Canadian exporters shipped abroad over $78 million of new passenger cars and trucks. Where were these cars and trucks shipped to? To British East Africa, British South Africa, Southern Rhodesia, Gambia, the Gold Coast, Nigeria, British India, Hong Kong, Australia, New Zealand, Belgium, France, China, The Netherlands, Portuguese Africa and a dozen other places.

I know many veterans wearing medals on their chests who are denied the right of purchasing a new car, in our district at any rate, in the eastern part of the province, notwithstanding that a car is the only means whereby they can earn their living. Over 40,000 trucks and over 25,000 passenger cars have been shipped to these countries, but you cannot get a car in Quebec city, nor can you get one either in my constituency or anywhere throughout the district of Quebec at the present time. Almost two years have passed since we emerged from the war, but there is not an automobile available for any Canadian who needs one in order to earn his living, unless he is prepared to pay hundreds of dollars above the ceiling price, or is willing to have his name placed on a dealer's waiting list bearing already 500, 600, 700, or 800 names.

It is time these conditions were put an end to, and there is only one agency in Canada that has the right to put an end to them. That agency is this government. If the automobile manufacturers—and this is my last example—continue to disregard the interests of the Canadian people to the extent indicated, then here is another field where this government should obviously step in and again reestablish some sort of system of priorities, or apply a rigid control over automobile exports, if not an embargo, until this trade is brought back to normal. It should take the necessary steps to stop what I would call the shameful and harmful exploitation and profiteering which now exist in automobile marketing as a result of the lack of control.

The hon. member for Stanstead challenged us the other day. Would he or any of his colleagues now rise in the house and declare that there is not any more need for beneficial controls such as those covered by this bill? I do not think he will. My job here, Mr. Speaker, is not to fight the case of automobile manufacturers, to fight the case of Canadian manufacturers or to fight the case of monopolies or big business. My duty is to further the interests of my constitutents and, in a general way, those of the Canadian people at large, which I am doing in supporting the government's control policy provided by this bill.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, the bill which we are considering is a trespasser upon provincial jurisdiction unless an emergency can be established. That is, I believe, common ground to the Liberal party and to mine. That raises an important question, the existence of an emergency. I do not wish to draw into the question the

[Mr. Arsenault.]

statement made by the Minister of Justice (Mr. Ilsley) the other day, for other than one purpose. In the course of the debate the Minister of Justice said, as reported at page 1595 of *Hansard*:

> . . . it appears to me that the true effect of the decision in the Canada Temperance Act case is that there does not have to be an emergency to found jurisdiction on the part of the dominion; that the dominion may have the power, even when there is no emergency, to legislate for the peace, order and good government of Canada, even though its legislation touches upon matters ordinarily regarded as solely within the provincial jurisdiction.

It is true that on March 24, in answer to a question addressed to him by the hon. member for Outremont (Mr. Rinfret), the Minister of Justice did say:

> Our emergency legislation is based on the existence of a national emergency arising out of the war, on the emergency doctrine, to which no one takes any exception either in this house or outside it.

I agree with the minister that the existence of an emergnecy doctrine is admitted, but whether or not an emergency exists on to which the doctrine may be fitted, is another matter. The statement of the minister is relevant to the discussion because it establishes that, in his opinion, an emergency is not necessary for the invasion by the dominion of the legislative field which, in normal times, is reserved to the provinces.

Mr. ILSLEY: That statement would have to be taken with all the qualifications appearing from the deputy minister's opinion, because that was part of my statement.

Mr. HACKETT: I do not wish to put anything into the mouth of the minister. I do not wish to draw from anything that he said any inference which might even savour of unfairness; but I understood the minister to say that it was his interpretation of the Canada Temperance Act and his belief that the dominion might invade the provincial field of legislation for reasons other than an emergency.

Mr. ILSLEY: No, not any reason.

Mr. HACKETT: I will agree that he did not say "any reason".

Mr. ILSLEY: All I am saying is that to take one sentence out of its context is unfair, and that the whole statement, including the deputy minister's opinion, must be read in order to give a fair report of what I said.

The ACTING SPEAKER (Mr. Golding): Order. I think if the hon. member is going to deal with the statement made on March 15,

he will be out of order. But if he deals with the statement which was made on March 24, that will be in order.

Mr. HACKETT: I will deal with whichever one pleases you, Mr. Speaker. I wish to say to the minister now that, however much I might in the heat of political controversy wish to score on somebody, I do not wish to do that—probably I could not anyway—in this instance. I do not wish to take out of the minister's speech a phrase, a sentence or a page that may reflect an opinion which is not his. I have read his remarks not once but many times. Having scrutinized them with the utmost care, I interpret his speech as a whole,—and I will not worry him with half a dozen quotations, which I have here in my hand and could give him,—and it left me and the house under the impression that in his considered opinion an emergency was not a condition *sine qua non* to the invasion by the federal government of the provincial jurisdiction.

Mr. ILSLEY: I was merely presenting to the house what, in my opinion, that case decided; that is all.

Mr. HACKETT: I agree with what my right hon. friend says, and I am not attempting to go beyond that. I am merely attempting to lay before the house the point of view of the right hon. gentleman who is the conscience keeper of the government. The Minister of Justice is the legal adviser of the government, and different members of the cabinet go to him in their perplexities for enlightenment and advice. I submit the fact that the right hon. gentleman holds the views he has expressed in the house, and believes as he does that something other than an emergency warrants the invasion of the provincial field by the dominion, must necessarily have its bearing upon the attitude of the federal government toward the invasion of that provincial field.

I want to say, Mr. Speaker, that there has been a progressive advance by the federal government into the provincial field. It is reflected in many areas. Primarily and above all it is reflected in the disunion and conflict which exist at the present time between the dominion and the provinces. But it is reflected elsewhere. May we consider the War Measures Act, chapter 206 of the revised statutes. This act provides that, during a period of war, invasion or insurrection, real or anticipated, the federal government may invade the provincial field and the governor general in council may take over legislative powers otherwise denied to him. But that there should be no misunderstanding as to the limits within which this extraordinary power could be exercised, after it is first limited in section 2 of the act, section 6 goes on to say:

> The provisions of the three sections last preceding—

Those are the sections which enable the governor in council to exercise the unusual powers.

> —shall only be in force during war, invasion, or insurrection, real or apprehended.

We have the additional section to make it certain that this invasion of the provincial field shall cease when hostilities cease. Parliament was summoned, and on December 8 the National Emergency Transitional Powers Act, 1945, was given royal assent. Here I take issue with the right hon. gentleman. From his speech it would appear that these extraordinary powers conferred by the War Measures Act were curtailed by that act. In my view they were extended. They were extended as to time; they were extended as to the area within which they might be exercised, and they were broadly increased and broadened. That act contained a limit on the duration of these extraordinary powers. It said these extraordinary powers should not be exercised by the governor in council after December 31, 1946, if parliament sat in the months of November or December, 1946. If parliament did not sit in either of those months, however, the exercise of these powers should terminate fifteen days after parliament met in 1947. On the last days parliament sat in 1946 an amendment was introduced extending the period within which these extraordinary powers might be exercised until sixty days after parliament met. Parliament met on January 30 of this year, so that the period would have expired on March 29 or 30. The act contained a provision that it might again be extended by an address. This address was adopted, and, as matters now stand, these powers are susceptible of enjoyment until May 15, which, if my memory serves me well, will be more than two years after the termination of the war with Germany.

In the meantime we had imbedded in a number of statutes extraordinary powers which will be susceptible of exercise by the governor in council for periods varying from one to a number of years; in some instances no time limit was placed upon them. As we go along, I refer to the crown companies act; to the legislation by which the government took a monopoly over aviation and out of which it sidled a little later on; the act by which it took over the manufacture of aeroplanes, from which we withdrew the other day at a cost of

untold millions, in a way which, despite the statement of the Minister of Reconstruction and Supply (Mr. Howe) has not yet been fully explained to the house. There was the seemingly innocuous measure by which supplements to the contracts of postal carriers were to be paid, which gave the governor in council the right to rewrite contracts for the carriage of mail, and this under emergency legislation. Then the Canadian Wheat Board Act was recently amended. I shall not dwell upon it beyond referring to the extraordinary powers with which it invested the governor in council. That great commodity, the greatest single commodity produced by the greatest single class in the country, has been placed under the monopoly of the government, under the dictation of the governor in council, without, be it said, any right of appeal to the courts of the land. Then we have had the act for the sale and export of agricultural products. I have not any doubt that there are a number of other instances. I recall the Patent Act, for instance, under which, in certain circumstances, the government is given the right to expropriate patents. People come to this country and confide in us. They give us their secrets, under the Patent Act; and, forsooth, upon the recommendation of the governor in council we may expropriate that property for the benefit of the crown.

I point this out merely to show that there is a growing tendency on the part of the government to arrogate to itself the right to legislate for the people of Canada, and that the tendency to trespass upon the provincial field, the tendency to invade the realm which is sacred unto the provinces is progressing, and is rapidly gaining ground.

I listened with some interest to the hon. member for Bonaventure (Mr. Arsenault), who made some references to maple syrup, milk and automobiles. But that gentleman entirely overlooked the fact that some eighty years ago the provinces of what is now Canada came together and entered into a solemn pact, by the terms of which certain rights, certain prerogatives, were reserved to the provinces. And had it not been that a complete understanding and agreement was arrived at between these contracting parties, there could not have been a dominion; there could have been no Canada.

We have agreed that, in the event of an emergency, certain extraordinary rights might be vested in the dominion, in the federal authority. It is wrong to kill; and if a man kills someone else he is hanged for it. But if he kills in self defence it is justifiable. To apply a principle somewhat akin to that, when the life of a country is threatened, when its very existence is in the scales, then there is an overriding principle of self-preservation which obliterates contracts; and the great elemental doctrine of survival overshadows for the moment those lesser contingencies which are the basis of our national life. And just because it has been the ill-fortune of the generation which is so abundantly represented in this chamber, to have witnessed two such great cataclysms; to have seen the life of our country twice imperilled, and to have seen the invading hordes almost at our gates, and because to resist those perils we have found it necessary to take administrative shortcuts to muster our strength to repel the foe, it is hardly a reason for resorting to them long after those perils have passed.

I come now to the speech of the minister. He has said that the reason which justifies the dominion in its invasion of the field of the provinces is to be found in his speech. I endeavoured—and here I shall pause just to open a parenthesis to say that when hon. members opposite say the party to which I belong voted for the resolution on which this bill is founded they are stating something that is not at all in accordance with the facts. No member of this party voted for the resolution. I think the minister will agree that the questions we asked were appropriate. They were questions to which answers were due. Questions were asked to which answers were given, although they were not entirely satisfactory in every instance.

Speaking to the resolution, the minister referred to conditions which, he said, constituted an emergency. There are three or four of those references about which I shall say a few words as I go along. One of the grounds of emergency to which he referred is that of housing. Then he made reference to rental controls. May I say in passing that I am a believer in private property. I believe that the owner is entitled to the use of his property, and to its administration.

The government has attempted to provide housing; and many people have reached the conclusion that it has failed in its attempt. In fact many have said in the house—and have advanced solid arguments and many facts in support of those arguments—that had the government refrained entirely from its attempt to provide housing, more houses would have been provided than the government has found it possible to provide.

The government is attempting to provide houses on an uneconomical basis, which means that at least some of those houses will be occupied by people who will not be paying for them. They will be getting something for nothing from the government and to that

extent they will be subject to the government's whims and good will, because like accommodation for the same outlay will not be available. Controls keep owners out of their homes and frequently keep people out of an occupancy to which they are entitled. They may have been absent at war or they may have been called away to other fields of activity, but when they come home they want to get into their houses. The government seems entirely to overlook the fact that nobody wishes these houses to be vacant. There would be just as many people in these houses if these controls were removed as there are now; the only difference would be that the people who would occupy them would be either the owners or tenants occupying them with the consent of the owners instead of the controller.

I have more confidence in mankind; I have more confidence in the generosity and good will of people than has the government opposite which paints such a dark picture of all the horrors that will occur should people be allowed to have their properties and enjoy them as they always have in the past. It is the full application of the principle of private property that has made Canada diminutive as she is in numbers, the powerful entity that she is today in the concert of nations. It is because we have respected the rights of the citizen that we are looked upon as the haven and the refuge of peoples whose lives have been trampled upon. I do not believe that many would be harshly treated were all of these restraints lifted.

I know the other day I heard a man say, "If I am allowed to raise my rents twenty per cent under control I must do it because, I do not know what the controller will do to me the next day. However, if controls were off I could protect a good tenant. I carried some of these tenants for five or ten years during the period of difficulty, for no rent in some cases and at reduced rents in all." I have more faith in the generosity of the Canadian people than have the gentlemen who occupy the treasury benches. I believe if we go back to a reign in which people can give some scope to their human tendencies and their kindly feelings instead of being under the lash of some, I was going to say of a bureaucrat—I do not use the word in any other sense than its dictionary meaning; that is someone in an office who cannot know the circumstances of each case but who has to act by a rule which has no universal application, we would be much better off.

If we could free ourselves once again from the restraints which have been placed upon us we shall be able to remedy three-quarters of the ills from which we suffer.

I go on now to deal with some other matters. The right hon. gentleman referred to inflation. That dog has chased us a long way, but I do not know that it has bitten anybody seriously as yet. Our money is not as good as it was. Why? Because it has been diluted. I am not going to bandy words with the right hon. gentleman as to what inflation means. He can talk concerning these matters in language which I probably am unable to follow. But the fact is there. We have been through a great ordeal, an ordeal which has tested our soul, our every resource and energy. We have paid for it in blood; we have paid for it in sacrifice; we have paid for it in gold.

One-half of the actual cost of the war has been paid out of current taxes; two sixths have been paid out of borrowings, and one-sixth ha sbeen paid through the depreciation of our dollar, call it inflation or whatever you will. We got that one-sixth from the Bank of Canada and from the chartered banks. It was, to put it boldly, obtained by the use of the printing press. Our dollar does not buy what it used to buy; our dollar cannot buy what it used to buy, because it has not the inherent worth and value that it had before it was diluted. I think that is something that everybody understands, and when we talk about increased prices we must take that fact into consideration.

In determining the cost of living, whether we will or not, we must take into consideration the total of these subsidies, whether they be $600 million, whether they be $800 million or whether they be $1,500 million. There have resulted from our activities; there have resulted from our way of financing this war burdens which have reduced our resources and which have resulted necessarily in higher prices and in higher costs, expressed in the Canadian dollar.

I wish to submit that there is no emergency at the present time. Our fighting forces home from the front; they have been brought back and they have been disbanded and dispersed. They have been found gainful occupation. Our great industrial machine which for five or six years was devoted to the manufacture of the munitions of war has been dismantled and dissolved. It has been sold; it has been disposed of. The people who worked so valiantly, the men and women, the boys and girls, to produce munitions which were so essential to the success of the war have taken up other activities and are now engaged in peaceful occupations.

I have here the whole story, but I am not going to worry you, Mr. Speaker, with all the details. I know that when I have gone on with this enumeration some hon. gentleman

opposite is going to say that that is evidence of a wise and beneficent government, that that is evidence of the good administration that Canada is enjoying today. I do not wish to be disagreeable, but I believe that the prosperity which is ours today is ours despite the administration and despite its many errors.

Let us take bank clearings as an example. Bank clearings were greater in 1946 than they were in 1945. In the first two months of this year, 1947, they were even greater than they were in the first two months of last year. That is true of the combined bank clearings of Toronto and Montreal. Reports for the rest of the country are not available for the first two months of this year. Take bank deposits; they are greater than they were last year. Then in 1945 take company earnings. Last year they were greater than they were in 1945. Take employment; it is higher than it was in 1945.

Mr. KNOWLES: And so is the cost of living.

Mr. HACKETT: Yes. Take unemployment insurance; and I have the figures here somewhere if I can find them, which were published in this morning's press. This shows that the jobless insurance fund shows big gains. It says:

> Canada's unemployment insurance fund increased by more than $4 million in February, and payments made to unemployed workers "were considerably lower than in the same months last year," the unemployment insurance commission announced today.

Then they give the figures as approaching some $400 million in the coffers of that enterprise.

Mr. MARTIN: All of which adds up to good government.

Mr. HACKETT: May I say to the hon. gentleman opposite that the point I am talking to is not good government; it is not dollars and cents. The point I am talking to is the tendency of the government to destroy confederation, to trample on the rights of the provinces and to dissolve that partnership which was entered into eighty years ago. That is the point to which I am talking, and that is the point which has brought to a focus the disagreement in this family of nations which make up the Canadian people. It is that spirit to which the hon. gentleman has given utterance which threatens the very solidarity of our country.

I go on and I see that foreign trade was greater last year than it was the year before; production is greater; carloadings were more numerous last year than the year before. I am aware that hon. gentlemen will say, "Oh, yes, but we have done these things." They have been done while you were there. But again I would point out that if wisdom, if prudence, if respect for the lessons of the past counted with the cabinet as we hope it will always count with those who occupy the treasury benches, their demeanour in the matter under discussion would have been entirely different.

The government says there is an emergency; it presents as evidence of the fact a list of the articles which are under control. I do not wish to be amusing; I turn to the items covering ladies wear still under control. It is a long list of things, but it hardly creates a national emergency. I might turn to some agricultural implements that it is well that farmers should have. I might even condole with my dear friend the hon. member for Muskoka-Ontario (Mr. Macdonnell), who votes with me even when I am wrong, and say that I regret that he cannot now sell his old automobile at a high price since it was moved from control yesterday; but, Mr. Speaker, when we speak of an emergency we are speaking of something that threatens the life, the existence of the country. We are not speaking of some petty, puny, paltry expedient thing that may be resorted to for the maintenance of the party in power or to meet the whim of some leader powerful in the party.

I wish to draw this to your attention, Mr. Speaker. The emergency which justifies the trampling under foot of a country's constitution is not a petty thing; it is something that is overwhelming; it is something that threatens the life and the soul of a nation. This long list of sundry conveniences and requirements does not represent the type of emergency that justifies the suspension of the constitution. Nothing less than the rushing hoofs of the four horses of the Apocalypse, something like flood, famine, pestilence or war, can constitute an emergency. Nothing else can justify the action the government has outlined in the bill. No such emergency is established by the list of petty wants offered to a sorrowing house late yesterday afternoon.

Mr. J. O. PROBE (Regina City): I have waited a long time, weeks now, to have an opportunity to present a few words on the subject matter under debate today, as to whether economic controls should be allowed to lapse or whether they should be continued. Like the genial hon. member for Bonaventure (Mr. Arsenault), who spoke a few moments ago, I wonder whether the Minister of Finance (Mr. Abbott) has taken more props from

under our feet during the very time that we are debating the matter of continuing these controls.

This afternoon I listened attentively to able arguments by two of my hon. friends from the Progressive Conservative party. Personally I am happy to hear their policies so keenly expounded, even though their policies are not looked on by myself or my party with the greatest favour. I should like to say to the hon. member for Stanstead (Mr. Hackett) who argued, as no doubt a brilliant lawyer should, the case for discontinuance of controls on the ground of provincial autonomy, whatever that may happen to mean in a lawyer's vocabulary, that it seems to me it is a term which has been used to cover almost any legislation that he may want to oppose when he has no other reason to do so.

In suggesting that controls be discontinued, the hon. member for Stanstead made reference to the fact that we have not in this country an emergency such as that of war or of flood or of pestilence. The hon. gentleman with his background differs considerably with me because of mine. While in his own circle of acquaintances when there is not a war there may not be any emergency, I must say that during my upbringing from a child my family and my friends have always lived in a state of economic emergency from day to day. I think that is as important in their lives as is a state of war in the life of a nation. When that third or that half of a nation is facing daily calamities that are as serious to them as war is to a nation, to argue provincial autonomy to evade our responsibility is, in spite of the brilliancy of the argument, an utter evasion of the case.

I was impressed by the hon. member for Muskoka-Ontario (Mr. Macdonnell), whose address is always interesting, and I wish to refer to one or two of the remarks he made. For example, in referring to my colleague, the hon. member for Vancouver East (Mr. MacInnis), who spoke yesterday and referred to cut-throat competition and monopoly exploitation, the hon. member for Muskoka-Ontario attempted to show that these two terms were contradictory to one another; that it was impossible to have cut-throat competition on the one hand and monopoly exploitation from the same source. I would point out to my hon. friend that while the two things may not be simultaneous they are definitely consecutive in the scheme of economics as it exists under what is called private enterprise. Undoubtedly, when capitalism had its beginnings, there was a form of competition. In its early stages, markets were limitless and there was no need for other than healthy competition as between producers. As I say, there were markets. As the markets became restricted, however, there was for those who wished to exist in the competitive field the need either to restrict their activities or to eliminate those who competed with them; so we stepped from competition to cut-throat competition; and, as more and more throats were cut, eventually we reached the stage where those who remained had a monopoly of the field. That monopoly has existed at various times and in various forms, resulting in exploitation, so that while perhaps simultaneously cut-throat competition and monopoly exploitation are opposite terms, nevertheless one follows from the other.

The hon. member stated also that it was a favourite saying of those who cast aspersions on private enterprise, that a man who risks capital is a parasite. I would go farther than that. According to the modern practice of capitalism, I would say that the man who risks capital is not a parasite but a sucker. I am going to try to illustrate my meaning, and I will do so by means of certain references to events that have taken place more or less recently.

I will give two examples and try to authenticate them by reference to the proper documents. Let me give one from my own province, because that is not so generally known in this part of the world. I will read certain questions and answers from the proceedings of the Saskatchewan legislature of Tuesday, March 18, 1947, to indicate what I mean with reference to risk capital:

> Mr. Feeley asked the government the following question, which was answered by the Hon. Mr. Phelps:
>
> (1) Did the Saskatchewan government invest any money in a briquetting plant at Bientfait? If so, when and how much was so invested?
>
> Answer: Yes. 1918-1924, $267,500.
>
> (2) What was the total cost of the said plant?
>
> Answer: Under agreement, 25 per cent of the cost was paid by the Saskatchewan government, amounting to $267,500, 50 per cent of the cost by the federal government, and 25 per cent of the cost by the Manitoba government, bringing the total cost to $1,070,000.
>
> (3) Was any of the money invested by the Saskatchewan government repaid?
>
> Answer: No.
>
> (4) Was any interest paid by the Saskatchewan government on account of above investment?
>
> Answer: No.
>
> (5) Has the property been sold? If so, when was it sold?
>
> Answer: Yes. April 22, 1927.
>
> (6) To whom was it sold, and how much did the Saskatchewan government receive from proceeds of its sale?
>
> Answer: Charles Gathorne Ashwin for the sum of $1.

I would say that under such circumstances the man who risks capital is definitely a sucker. Let me give another example. I wish to read from the statement made by the Minister of Reconstruction and Supply (Mr. Howe) on Canadair Limited, delivered on Thursday, March 20, 1947. The minister said, in part, as reported at page 1583 of *Hansard*:

During 1946, the Electric Boat Company, a substantial American corporation, became interested in the Cartierville project. This company, with large financial resources, had examined carefully into Canadian economic conditions, and became convinced that it could wisely and profitably engage some of its liquid capital in Canada. After extensive negotiations, Electric Boat Company acquired substantially all of the stock of Canadair Limited, and has entered into an agreement with the Canadian government, effective as of September 14, 1946, covering the crown facilities, contracts, etc., at Cartierville.

I have quoted there from the statement of the Minister of Reconstruction and Supply wherein, on behalf of the government of Canada, he leased to a United States concern, the Electric Boat Company, a property which cost the federal government approximately $22 million, the lease to run a maximum of fifteen years. The rental during that period was at the rate of $200,000 a year. The Electric Boat Company, during the life of the lease, had the option of buying the entire business of this aircraft factory at a price which varied, in the first year, from one-quarter of its capital cost, to one-eighth during the fifteenth year. Along with that, the Canadian government gave contracts to the Electric Boat Company, this United States concern, for $28,000,000 worth of aircraft for Trans-Canada Air Lines and for the Department of National Defence. The sum of $2,000,000 was invested in this particular instance by the Electric Boat Company, according to the statement of the Minister of Reconstruction, and the Electric Boat Company is to provide Canadair Limited with $2,000,000 of working capital.

Here we have an instance of a private corporation, not even a Canadian corporation but one in another country, setting up as a going concern in a factory which now has 7,400 employees on the payroll, at a rate of rental for an equipped factory—one of the most modern in the world, I presume, since it has had a successful record in the production of aircraft in the war—a rate which is one-eighth of what the Minister of Justice (Mr. Ilsley) told this house repeatedly last year was considered an economic rent for a tenant of national housing.

Why do I bring these matters up in this debate on the question whether or not economic controls should be allowed to lapse?

I wish to give the Liberal party every credit for what it did in the war emergency, not because it wished to do so, but because it was forced by circumstances to adopt a form of economic planning which I believe the laisser-faire Liberal will admit was contrary to his best normal inclinations. It stepped into the field of controlling the economy of Canada because it was felt necessary by such gentlemen as the present Minister of Justice, to whom I wish to pay every tribute for the job he did. May I say that I believe the country has always paid the right hon. gentleman the tribute to which he is entitled.

Under pressure of war emergency the Liberal government did something which I say was foreign to its true instincts, that of managing the economy of this country. Certainly it would be opposed to the instincts of my hon. friends to my right, and I believe it is contrary to the expressed instincts of my hon. friends to my left. There is only one party in this House of Commons which believes that the government did adopt a policy which should be used in every crisis, provincial autonomy or other arguments notwithstanding. I believe there are constitutional means of coming to an agreement, so that whenever there is a crisis, whatever its nature, those things can be done which must be done for the welfare of our people. I say the government did a good job by adopting controls, a measure which, as I say, was against its normal inclination to undertake. There was no successful alternative, as it felt and as we agree, to meet the crisis in Canada as a nation. The controls which were instituted as a result of that war emergency were, shall we say, reasonably equitable to most of Canada and to most of its people. I say reasonably so, because proper economic control cannot be combined with a major retention of the profit motive. However, as I say, with that one fly in the ointment, the government stepped into the control picture. Of course adjustments were made from time to time, based on the pressure techniques that the Canadian Manufacturers' Association, labour unions, federations of agriculture, housewives, consumers' leagues and others may have been able to employ. The amount of success that their pressure was able to give to their own group depended a good deal, I would say, on the general attitude of the government to matters respecting social welfare.

There were some good results. We developed a form of labour relations, I think, under national supervision. Again, of course, the hon. member for Stanstead will say, "in opposition to the needs of provincial autonomy" but it was something which we used in a national emergency. There was a form of extension of unionization and collective bar-

gaining which did bring a somewhat closer relationship between wages and the cry for a minimum standard of wages. I say, however, that the government was not entirely sincere in that—and I am not saying that in an unfair way at all—because the dominion government's own pay sheets were not always in accord with the various minimum standards of wages set up by the provinces. The federal government used the fact that it was a sovereign body in order to avoid its obligations and, as nearly as I can tell, is doing so at the present time.

For example, in my own city of Regina, as a result of complaints brought to my attention, I questioned the government with respect to rates of pay at the Regina ordnance depot, and the answer given with regard to conditions there at December 31, 1946, was as follows. One question was, "How many, if any, of the civilians employed at the Regina ordnance depot in October, November or December, 1946, received pay at a rate below the Saskatchewan minimum wage of $18.50 a week?" If the Liberal party is to be fair with respect to planning for proper wages for the people of Canada, it should certainly be a fair employer itself. However, the answer to this question was that in the Regina ordnance depot there were three employees of the federal government receiving less than $18.50 a week.

I asked this further question, "In what employment classification, if any, were wages being paid below the rates recommended to the civil service commission?"

There is a practice, as you know, Mr. Speaker, that wages paid by government departments or on government contracts are supposed to bear some relationship to the going wage in the area in which the work is being done. With regard to the Regina ordnance depot, certain recommendations were made to the civil service commission that certain people be given wages which corresponded to the going wage in the area; yet twenty-three employees at that ordnance depot, which employed 370 employees, received wages below what was recommended as being the going wages for the district: three clerks, grade 1-A; one typist, grade 1; three clerks, grade 2; one clerk, grade 3; thirteen packers and helpers; one storeman, technical stores; one stenographer, grade 3. So I say that the federal government, in spite of being forced into a position where control over a labour condition was assumed by it, in hiring its own help did not live up to the obligations which it imposed on the rest of the Canadian economy.

This is another good result that I should like to say came from this controls programme forced on the government. There is now, and has been for a year or so, a form of orderly marketing of some farm products, with floor prices until 1950. I do not intend to reopen the debate on floor prices; but when I think of floor prices I am reminded of what one of my friends out west said when he made reference to the fact that wheat is now somewhere around $3 a bushel on the international market and our floor price is $1.55. He said, "Sir, you certainly got a floor, not upstairs but away down in the basement." With that I can agree. But our farmers generally are favourable to the idea of orderly marketing at assured prices, and hope and beg that such controls as are necessary to give the producers the prices they require in view of what they must pay for the things they buy may be retained or reinstituted. That is what is meant by parity prices, and "parity prices" is a slogan you will hear a great deal more often from now on. You will hear it not just from the farmers of my province, who know something about the general meaning of the phrase and who have suffered because there has not been parity; you will hear it from other classes of society in this country who also want parity.

Our consumer prices were kept in hand fairly well during the war and until the last couple of months, and for that I congratulate the government. But I say they are making a mess of things right now. They do not believe in controls; they admit they are going to give us a form of orderly decontrol. Heaven help us if it is any less orderly than at present, because now it is almost a rout. Yesterday the price of sugar went up one cent, and the price of gasoline is quoted at a cent higher as of yesterday or today. It went up two and a half cents in Regina. We are also threatened with increased freight rates. If we want to retain the capitalist system after the lessons taught by the war we have just gone through, when we found that by putting our social house in order we could provide fair distribution for goods in short supply, not just to those who could afford to go to the black market or those who had the largest number of tickets in the form of dollars; if we feel it is just too bad that the poor children cannot get milk at ten cents a quart; if in order to obtain diapers for our babies we have to receive them in parcels from Great Britain, a country which is rationing its own supplies and which is being looked upon with considerable disfavour because it is attempting a new social order, and that because there is not enough profit in manufacturing baby clothes in this country to give manufacturers an incentive to supply our own people; if we just want to let things drift away planlessly, we should support hon. gentlemen to the right, or those across the way. They offer no other course but drifting.

The other day I read a description of free enterprise which, in view of what I have told the house this afternoon, seems rather apt. Free enterprise was likened by a labour leader in this country to an ocean. Those who believed in free enterprise said to all the people, "Now, we will throw you all into the ocean. Those who are worthy will reach the shore because they will have the strength to persevere; those who are inefficient will perish." I want to give a little quotation from the remarks of the hon. member for Rosedale (Mr. Jackman), as reported at page 1821 of *Hansard*:

. . . one of the greatest virtues of the whole system of free enterprise is that those who are inefficient disappear. If they cannot hold their own and render service to the people at reasonable prices—

I want to be fair, so I continue the quotation:

—it is soon found that someone else takes their place and their business.

Mr. JACKMAN: I would just direct attention to the fact that the latter part of that quotation obviously refers to businesses; and I think the fact that inefficient businesses do disappear under the free enterprise system is a good deal like having white corpuscles in one's blood stream, because they purify the stream.

Mr. PROBE: That is right; but let me finish my own little allegory. Free enterprise drops us into the sea of economic opportunity. The trouble is that certain people have weights tied to their legs. Others, perhaps through circumstances such as I mentioned in connection with the Electric Boat Comapny deal or the briquetting plant at Estevan, are given waterwings to help them swim to shore, or they may even be picked up by a good sized raft or a speed boat properly equipped with good old privileged capitalism. It is that form of capitalism to which I object, and it is for these reasons that I want the government not only to retain what feeble controls they now exercise, but to reinstitute those controls which have been removed.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I am rising for just a few minutes because of a statement made by the Minister of National Revenue (Mr. McCann) in reply to my colleague the hon. member for Muskoka-Ontario (Mr. Macdonnell). The hon. member mentioned that there were some 140,000 employees of the government, and the minister said the number was 135,000, according to the bureau of statistics. I do not want that statement to go unchallenged, because, according to a return I have here, the number of employees of the government of Canada, including employees of boards, commissions and corporations appointed by the federal authority, was 173,961 as of December 31, 1946.

Mr. ILSLEY: On a point of order, Mr. Speaker, I submit that this matter is entirely extraneous to the debate.

Mr. ROSS (St. Paul's): It is not extraneous. My colleague was talking about the number of bureaucrats in the country, and so on, and I want to get this straight.

Mr. SPEAKER: Order. The hon. gentleman will admit that we are on the second reading of the omnibus bill, which has nothing to do with the civil service.

Mr. ROSS (St. Paul's): It has everything to do with it, because the whole question is a matter of controls, and the number of people in the employ of the government has a great deal to do with those controls. The statement made this afternoon should not be permitted to go out in that way, because I have the figures here. The monthly payment is $26,462,000, which would be at the rate of $317,544,045 a year. I do not want to take up more time, but I want that statement corrected, as I think is my right.

Hon. COLIN GIBSON (Secretary of State): With respect to the statement just made by the hon. member for St. Paul's (Mr. Ross), I think I should point out that the figure he has just mentioned represents payment not only to civil servants but to employees of crown companies and commissions, and that the figure mentioned is very much larger than the amount paid to civil servants only.

Mr. ROSS (St. Paul's): I am not talking about civil servants; I am talking about the people in the employ of the government of Canada. That is what the people of this country are interested in.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, thus far the debate seems to have been largely devoted to a discussion of free enterprise or free initiative economy as against a system of government controlled or planned economy. As was pointed out earlier by the hon. member for Muskoka-Ontario (Mr. Macdonnell), hon. members of the C.C.F. have taken the position that when we speak of returning to a free economy, a system of free enterprise, we in the official opposition envisage the sort of laissez-faire economy which prevailed in the nineteenth century, and which undoubtedly had its worst development in the nineteen-thirties.

The hon. member for Muskoka-Ontario pointed out this afternoon that we do not

mean that kind of economy at all. We do, however, mean the type of economy under which freedom of initiative can be given full play, rather than one under which initiative would be hampered by excessive government controlling and government planning. The type of unrestricted monopolistic capitalism to which the hon. member for Regina City (Mr. Probe) referred is not the type of free enterprise we have in mind at all. But after what has been said, if hon. members in the C.C.F., for whatever reasons they may have, refuse to believe that we do not mean a laissez-faire capitalism, then of course we cannot force them to believe it. It is rather wasting their own time and the time of the house, however, to state with no better foundation than their own desire to believe it, that we wish to go back to that type of economy.

In my subsequent remarks I shall devote some attention to the type of system we have in mind when we use the expression "free enterprise." At the moment, however, may I refer to the statement made last night by the Minister of Reconstruction and Supply (Mr. Howe), because I believe that statement typifies completely what, for want of a better term, I would call the bureaucratic frame of mind.

The minister's statement is found at page 2014 of *Hansard*, as follows:

Hon. gentlemen seem to think that, after some six years of controls administered by the government, it is now necessary for various members of the opposition groups to examine each item of control and give their opinion on whether the government is doing the right thing or not

In this sentence the minister, by implication at any rate, indicated that it is not proper or necessary, or even perhaps desirable, for us to examine these measures.

Mr. HOWE: Would the hon. member please finish the sentence. He has used only part of it.

Mr. FULTON: I intend to do so. The minister went on to say:

It seems to me that the government which has had experience over six years in the administration of controls should be capable of deciding the appropriate time to abandon them.

That is the end of that particular quotation. It might seem to the minister that that should be the case; it might seem to the house that that should be so. But the point at issue is that apparently the government does not know the best time or method to remove controls. And, further, whether that is so or not, it is surely the function of the opposition to assist the government in arriving at that decision. That is one of the things for which we have an opposition, one of the reasons we have debate and free discussion in the House of Commons. Unless we are to adopt the principles that we should abandon elections, abandon responsible government, and abandon the system we follow of allowing people to make up their minds and express their views as to the manner in which they should be governed—unless, as I say, we are prepared to change our principles. then when we come to this House of Commons it is our duty to tell ministers, whether they have been here for six years or sixteen years, whether we think they are administering the affairs of the country in the best possible way. It is not in keeping with the traditions—may I put it in that way?—which have given this country democratic government in the past, for ministers to indicate that others' opinions, honestly held, are of no value, that in any event they will not be regarded, and that they should not be expressed.

I use those words because I think the following expression of the minister last night indicated what he had in mind. He went on to say:

Therefore I would urge that this session be not prolonged by debate that can have no real effect on the situation.

Surely that indicates only one thing, that the government has come to the house with its mind made up, with a closed mind, and is in the mental attitude where it will refuse to accept any suggestion, however much thought has been given to it, or however much real value it may have.

Mr. MUTCH: That is ridiculous.

Mr. FULTON: If my hon. friend can put any other construction upon it he will have an opportunity to do so. During the course of the debate I should like to hear what his construction is.

Mr. HOWE: May I ask the hon. member a question? After six weeks of debate on this particular bill, what effect has the debate had, to date?

Mr. JACKMAN: It took off a lot of controls yesterday.

Mr. FULTON: I would mention the categories of goods which were removed from controls yesterday. There is, of course, a good deal of force to the argument which has been put forward by members on this side of the house, that it is difficult to deal with this bill because there are fifty-seven measures involved. We would like to have that changed.

Then in committee we may make more suggestions with regard to these fifty-seven measures. It seems to me immaterial, in a sense, whether we have to sit here until next December before we finish the bill if, when we get through with it, even in only one respect it is a better bill than it was when it first came before the house. That will be the object of the opposition.

Mr. HOWE: That is a high price to pay.

Mr. FULTON: We have only a few minutes left for discussion this afternoon, and I should like to bring up one other matter before moving the adjournment of the debate.

We have heard a good deal about bureaucrats. The hon. member for Muskoka-Ontario referred to the functioning of government officials—he did not use the word "bureaucrats"—the way in which these controls involve supervision and constant snooping. We have heard statements as to the number of these officials required, if there is to be a thoroughgoing system of controls. All these things open the way for great abuses. And, as was suggested by the hon. member for Muskoka-Ontario, not only do they have a tendency to make criminals of those citizens affected—because we all resent controls—but we have in the act a type of provision which has the effect of depriving a man of the benefit of that doubt which, under our criminal law, results in an accused person's being presumed innocent until he is proven guilty.

We also find it necessary to protect controllers against what would otherwise be the legal consequences of their acts. For instance, we find this in section 15 of the order in council setting up the wartime prices and trade board:

> No member of the board and no administrator or other person employed or appointed by the board or acting on behalf of or under authority of the board shall be or become liable to any person for or in respect of any act or omission of himself or any other person in the exercise or purported exercise of any power, discretion or authority or in the performance or purported performance of any duty conferred or imposed by or under these regulations.

And so on. So that those people have complete protection for their otherwise wrongful acts.

That brings to mind a case which has arisen this afternoon. I would ask the Minister of Justice (Mr. Ilsley) or the Minister of Finance (Mr. Abbott), or perhaps both of them, if they would care to throw light on this particular case, one which concerns the activities of some of the officials of the wartime prices and trade board. It is a case which shows that not only do these controls tend to make criminals of citizens affected, but they tend sometimes to make criminals of those who find these unusual opportunities for abuse placed in their hands. It is reported from Montreal this afternoon that a lawyer, an official of the wartime prices and trade board, along with another man has been arrested because he had received at least $1,000 as a bribe for issuing blank accommodation rate cards for hotel rooms. It appears that this official is in charge of hotel accommodation rates for one district in Montreal and that he was caught in the act of delivering these blank rate cards to a certain hotel in the Windsor street district. The hotelkeeper apparently informed as to what was going on and the information which we have and which the press has is that at least $1,000 in marked money changed hands in one particular transaction in that connection. I understand that these men are to be arraigned, if they have not already been arraigned, and will be charged early next week.

That is an indication of the extent to which abuses can creep in and are creeping into the administration of these controls. It is possibly an inevitable consequence when you expand your administrative or controlling force as must be done with widespread measures of control such as we have had in this country. I wonder if the Minister of Justice (Mr. Ilsley) would care to say something this afternoon about that situation, because I think it is of vital importance to the country. Perhaps it is not fair to introduce it just before six o'clock without giving him some opportunity to make an explanation. If it is the wish of the right hon. gentleman and it meets with the feelings of the house I suggest that I be allowed to adjourn the debate now, and the minister could make a short statement.

Mr. ILSLEY: I have no information about the facts; this is the first information I have had.

Mr. FULTON: May I be permitted then to adjourn the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. ST. LAURENT moved the adjournment of the house.

He said: When we meet again on April 14 the first order of government business will be the motion to go into supply, not for the purpose of dealing with supply, but for the purpose of opening up two departments and giving hon. members. if they have any matters that they consider of sufficient importance to take up the time of the house, an opportunity of raising such matters.

Mr. KNOWLES: Do not make that invitation too wide.

Mr. ST. LAURENT: I will repeat what I said before, that I would like to trust to the feeling of responsibility of hon. members not to take up unnecessarily the time of the house when there is so much urgent legislation to be dealt with. I feel sure that hon. members will feel that sense of responsibility. Then we would like to deal with amendments made by the senate to Bill No. 14, which is item 6 on today's order paper; then, with the amendments made to Bill No. 8, item 7 on the order paper. Next would be the second reading of Bill No. 22, to continue the revised regulations respecting trading with the enemy. My understanding is that it is the desire of the house to have this bill go to a committee and we would like to have second reading disposed of so that it can be referred to a committee and dealt with without further delay. Then the house in committee on Bill No. 16, to amend the Patent Act. This bill has been reported back from the committee with amendments.

Mr. BRACKEN: Is that not enough for one day?

Mr. ST. LAURENT: If there is not too much time taken on the motion to go into supply, all these could be disposed of quite rapidly and taken off the order paper. The next would be Bill No. 11, respecting export and import permits, which has also been reported back from the committee. After disposing of these items which might be disposed of quite readily, we would continue the debate on Bill No. 104.

Motion agreed to and the house adjourned at 5.55 p.m., until Monday, April 14.

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