

*Canada & Dominion
Other Canadian*

Vol. LXXXVI.—No. 14

*Bill 22
Page 5-7-50
Pm 516*



CANADA

House of Commons Debates

OFFICIAL REPORT—DAILY EDITION

Tuesday, February 18, 1947

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
KING'S PRINTER AND CONTROLLER OF STATIONERY
1947

Price per copy, 5 cents; per session, \$3. Address King's Printer, Ottawa, Canada.

CONTENTS

Tuesday, February 18, 1947

World Trade Conference. Tabling of report in French, Mr. St. Laurent.....	545
Wheat. Tabling of draft international agreement, Mr. MacKinnon.....	545
Publication of Statutes Act Amendment. Removal of provisions respecting disallowance and reservation of bills. Bill No. 20, Mr. St. Laurent, first reading.....	545
Housing. Community centres established under wartime conditions, Mr. Brown, Mr. Howe.....	545
Emergency Powers. Office consolidation of orders in council, Mr. Knowles, Mr. Ilsley.....	546
Feed Grain. Priorities for shipments east to meet shortage, Mr. Macdonnell (Muskoka-Ontario), Mr. Gardiner.....	546
Labour Conditions—	
Unemployment in Halifax, Mr. Bracken, Mr. Mitchell.....	546
Coal Miners Strike in the Maritime Provinces, Mr. Mitchell.....	546
Militia Act. Amendments to facilitate Canadian army reorganization. Bill No. 14, Mr. Claxton, third reading on division.....	547
Trading with the Enemy. Emergency powers—Disposition of property, etc. Motion, Mr. Gibson (Hamilton West) for consideration of resolution in committee.....	547
Debate continued by:	
Mr. Fleming.....	547
Mr. Coldwell.....	549
Mr. Church.....	549
Mr. Graydon.....	550
Mr. Hansell.....	551
Motion (Mr. Gibson, Hamilton West) agreed to, resolution considered in committee and concurred in. Bill No. 22, first reading.....	564
Patent Act amendment. Provisions for extension of time—Secrecy—Adjustment of tariff fees. Bill No. 16. Motion, Mr. Gibson (Hamilton West) for second reading.....	564
Debate continued by:	
Mr. Harris (Danforth).....	565
Mr. Graydon.....	566
Mr. Martin.....	569
Mr. Zaplitny.....	572
Mr. Hansell.....	575
Mr. Stewart (Winnipeg North).....	576
Mr. Jaenicke.....	577
Mr. Manross.....	579
Mr. Winters.....	580
Mr. McKay.....	580
Mr. Gibson (Hamilton West).....	583
Motion (Mr. Gibson, Hamilton West) agreed to, bill read the second time and referred to Banking and Commerce committee.....	583
Export and Import Permits. Provision for regulations, procedure, etc. Bill No. 11. Motion, Mr. MacKinnon, for second reading.....	583
Debate continued by:	
Mr. Macdonnell (Muskoka-Ontario).....	585
Mr. Thatcher.....	588
Mr. Quelch.....	590
Motion (Mr. MacKinnon) agreed to, bill read the second time and referred to Banking and Commerce committee.....	590
Canadian Wheat Board Act Amendment. Emergency powers—guarantee of loans, etc. Motion, Mr. MacKinnon, for consideration of resolution in committee.....	590
Debate continued by:	
Mr. Bracken.....	591
Debate adjourned on motion of Mr. Burton.....	595

HOUSE OF COMMONS

Speaker: The Honourable GASPARD FAUTEUX

TUESDAY, February 18, 1947.

The house met at three o'clock.

CONFÉRENCE INTERNATIONALE DU COMMERCE

DÉPÔT DE LA VERSION FRANÇAISE DU RAPPORT DE LA COMMISSION PRÉPARATOIRE

Le très hon. LOUIS-S. ST-LAURENT (secrétaire d'Etat aux Affaires extérieures): Monsieur l'Orateur, je désire déposer deux exemplaires de la version française du rapport de la première session de la commission préparatoire de la conférence des Nations Unies sur le commerce et l'emploi. On se souviendra que la version anglaise a été déposée le 10 février.

WHEAT

TABLING OF DRAFT INTERNATIONAL AGREEMENT

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, I wish to lay on the table copies of the draft international wheat agreement which is intended to serve as an agenda for the forthcoming international wheat conference in London commencing March 18. In order that members of the house may have ready access to this document, I would suggest that it be printed in *Votes and Proceedings*.

PUBLICATION OF STATUTES ACT

REMOVAL OF PROVISIONS RESPECTING DISALLOWANCE AND RESERVATION OF BILLS

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the first reading of Bill No. 20 (from the senate) to amend the Publication of Statutes Act.

Motion agreed to and bill read the first time.

HOUSING

COMMUNITY CENTRES ESTABLISHED UNDER WARTIME CONDITIONS

On the orders of the day:

Mr. D. F. BROWN (Essex West): Mr. Speaker, I should like to address a question to the Minister of Reconstruction and Supply.

Is it the intention of the government to close the community centres established in connection with the wartime housing projects?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I had prepared a statement on this subject. Perhaps if I read it I shall have answered the hon. member's question.

When war workers' houses were being built by Wartime Housing Limited during 1941 and 1942 it was considered desirable to develop community centres in the larger projects. The tenants of these houses generally were engaged in the same war industry, and in many instances recreational facilities were not available. It was felt that community activities would increase morale, and reduce absenteeism. Experience in the operations of some thirty-three of such community centres proved the wisdom of this course of action.

Circumstances have changed since then. The tenants of the larger wartime housing projects are no longer working in single industries. Ever since repatriation commenced, vacancies in the war workers' houses have been filled exclusively by veterans. It is found that in some community centres a relatively small percentage of the people living in wartime housing units are taking advantage of the facilities. It is also found that the community centres are servicing not only a portion of the tenants of war workers' houses, but also other people who live in private houses within the same district.

The cost of operating community centres amounts to approximately \$150,000 per annum, or between nine and ten dollars per housing unit in the municipalities in which there are community centres.

This field of social service work is not one for the dominion, and moneys spent for this purpose may well be questioned. A start must be made in finding a more suitable, and more permanent, form of management for these community centres. We will be discussing the situation with the municipalities involved, in an attempt to find a mutually satisfactory method whereby the dominion

may withdraw from this field. We hope it will not be necessary to close these community centres, because in many localities they are providing a valuable service. I cannot suggest a standard method for working out a mutually acceptable arrangement with the municipalities. In some cases the community centres are on land owned by the dominion. In other cases the land is owned by the municipality. In other cases the operation of the community centre is subject to an existing agreement with the municipalities or other parties. The municipalities can be assured, however, that every effort will be made to find a solution if it is believed that the continued operation of the community centre is desirable.

I may say that the information which was broadcast through a number of communities that the community centres are to be sold is entirely unauthorized. That information was sent out by an employee of Wartime Housing without the knowledge either of his senior officers or of myself. There has been no discussion at any time which would indicate a policy leading to the closing of these centres.

EMERGENCY POWERS

OFFICE CONSOLIDATION OF ORDERS IN COUNCIL

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): May I ask the Minister of Justice if printed copies of the office consolidation of the orders in council covered by the omnibus bill, the galley proof of which was laid on the table some days ago, are to be made available to all members at an early date?

Right Hon. J. L. ILSLEY (Minister of Justice): Yes. I am informed that they will be available tomorrow about noon.

Mr. KNOWLES: Thank you.

FEED GRAIN

PRIORITIES FOR SHIPMENTS EAST TO MEET SHORTAGE

On the orders of the day:

Mr. J. M. MACDONNELL (Muskoka-Ontario): I should like to address a question to the Minister of Agriculture. Like other hon. members I am receiving communications from my riding indicating that there is an urgent shortage of feed for hogs and cattle. I should like to ask the minister whether there is any likelihood of these farmers who are in such need having something more substantial than hope with which to feed their hogs and cattle?

[Mr. Howe.]

Right Hon. J. G. GARDINER (Minister of Agriculture): For some time there has been difficulty in moving grain from western Canada to the lakehead and from the lakehead to eastern Canada, and this has been increased by the storms we have had recently both in the east and west. Some days ago the government issued an order giving priority in the use of box cars for the shipment of grain as against the shipment of other commodities. The announcement to that effect was made by the Minister of Transport (Mr. Chevrier). Everything is being done at the present time by the railroads that can possibly be done to move grain eastward, and we expect that it will be moved in sufficient time to take care of any shortages that may exist.

LABOUR CONDITIONS

UNEMPLOYMENT IN HALIFAX

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I should like to direct a question to the Minister of Labour. Have representations been made to him or to other members of the government with respect to a serious unemployment situation which is developing in Halifax? If so, what action is proposed to be taken by the government?

Hon. HUMPHREY MITCHELL (Minister of Labour): I have no knowledge whatsoever of any communication from any organization or government authority in Halifax with reference to the question my hon. friend has asked. I can assure him that I will have members of the employment service of the Department of Labour look into the matter.

COAL MINERS' STRIKE IN THE MARITIME PROVINCES

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): Yesterday the hon. member for Rosetown-Biggar (Mr. Coldwell) asked for a break-down of the number of men employed on the face of the coal seam in comparison with the total number of men employed in the collieries owned by the Dominion Steel and Coal Corporation Limited. The figures for the years, which are the years for which I quoted yesterday the per capita production figures, are as follows:

Producers

(Handcutters and helpers, machine cutters and helpers, machine loaders and helpers)	
1939	3,322
1944	2,155
1945	2,332
1946	2,815

Non-producers

1939 (including salaried employees)	11,370
1944	10,517
1945	10,601
1946	11,350

These figures were taken from the records of the dominion bureau of statistics.

MILITIA ACT

AMENDMENTS TO FACILITATE CANADIAN ARMY REORGANIZATION

Hon. BROOKE CLAXTON (Minister of National Defence) moved the third reading of Bill No. 14, to amend the Militia Act.

Motion agreed to on division, and bill read the third time and passed.

TRADING WITH THE ENEMY

EMERGENCY POWERS—DISPOSITION OF PROPERTY, ETC.

Hon. COLIN GIBSON (Secretary of State) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the continuance of certain of the regulations respecting trading with the enemy, following the time fixed for the expiry of the National Emergency Transitional Powers Act, 1945, and for implementing provisions in any treaty which may be executed on behalf of Canada and ratified by parliament with respect to the disposition of enemy property or compensation respecting property in enemy territory.

Mr. FLEMING: I understood it was the intention of the Secretary of State to make a statement with respect to this measure. If he would care to make it now there are some remarks I should like to make concerning it.

Mr. GIBSON (Hamilton West): The bill referred to in this resolution provides for the continuance of certain regulations that are considered to be essential for the proper control of enemy property and trading with the enemy. At the outbreak of war certain regulations were passed under the provisions of the War Measures Act, which regulations were continued later under the powers of the National Emergency Transitional Powers Act, 1945.

Since the end of the war some of these regulations are no longer required and they have been dispensed with, but those that are included in the bill are considered to be essential and will be required at least until after peace treaties have been entered into with the enemy countries and possibly for some time thereafter.

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, I do not intend to embark on any speculation in connection with this resolution. Until the house actually sees the contents of the bill I do not know that one could go very far into the measure, especially in the light of the scant statement appearing on the order paper and the very brief statement the Secretary of State has just given to the house.

There are two aspects of the measure to be introduced upon which I should like to comment. The first has to do with the continuance of certain regulations now in existence. The second apparently will have to do with giving certain powers to the minister and perhaps through him to the custodian of enemy property, to deal with the situation which may arise out of treaties of peace which have not yet been ratified by parliament but which presumably will be submitted to parliament in due course for ratification.

Certain amendments have already been made to these regulations, and many more will be necessary; but I take the position now that the minister will have to submit to the house a measure which will provide for greatly restricted powers as compared with those in the present trading with the enemy regulations if he expects the measure to be endorsed by this chamber. It may be that vast powers were required during the time of war to meet the serious situation that the Secretary of State and the custodian of enemy property were called upon to meet in the protection of the realm and of the rights of the realm in time of war. But there are powers in these present regulations which I submit no self-respecting parliament can permit to be continued in time of peace.

It is regrettable, to say the least—in fact it is one of the many indictments of this government—that in the period since the trading with the enemy regulations came into effect there has been no report by the custodian of enemy property dealing with the conduct of his office. This has been one of those vast unknown areas which have been allowed to exist within the government during and since the war. Whatever has been done under the terms of the trading with the enemy regulations since 1939 has been a matter of mystery. This is 1947; seven and a half years have passed since the trading with the enemy regulations first came into effect. There has not yet been given to the parliament of Canada any report on the operations of the custodian of enemy property or the administration under these regulations of the powers given to him by the Secretary of State. This

chamber must, I submit, be given a comprehensive report of all operations under the powers given by these regulations before we should be called upon to extend any powers to the Secretary of State or to the custodian of enemy property under the terms of the resolution. The powers sought are of the most sweeping kind. I wonder whether the house fully realizes the extent of these vast powers which were conferred on the Secretary of State and through him by regulation on the custodian of enemy property. Take No. 7, for instance, which reads:

No person has any rights or remedies and no action lies or may be brought against any person—

Mr. SPEAKER: I am sorry to interrupt the hon. member, but we have before us now a resolution and I understand that according to the standing orders of the house it is in order for an hon. member to discuss the merits of the resolution, which reads as follows:

That it is expedient to introduce a measure to provide for the continuance of certain of the regulations respecting trading with the enemy, following the time fixed for the expiry of the National Emergency Transitional Powers Act, 1945, and for implementing provisions in any treaty which may be executed on behalf of Canada and ratified by parliament with respect to the disposition of enemy property or compensation respecting property in enemy territory.

I do not say that the hon. member is out of order but I would suggest that every member discuss only the merits of the resolution now before the house. It will be their privilege in committee on the bill to discuss the different clauses and to ask questions of the minister, but I suggest that discussion now should be confined to the merits of the resolution.

Mr. GRAYDON: What if the resolution has no merit, Mr. Speaker?

Mr. FLEMING: I made it quite clear at the outset that I did not intend to go into the realm of speculation as to the contents of the bill, but when the minister asks the house to pass a resolution contemplating the continuance in peace time of certain regulations I respectfully submit, Mr. Speaker, that I am entitled to refer to some of the regulations, not in detail, but to illustrate their extent and to put the question squarely before the house whether these regulations are of a kind which ought to be continued in time of peace. That is the question I am putting before the house. Are regulations of the kind exemplified by No. 7 such as the house wishes to see embodied in a peace-time measure?

May I refer for the sake of illustration to regulation No. 7. I do not intend, Mr. Speaker, to discuss the details of this regula-

[Mr. Fleming.]

tion, but I do hope that the house will realize the sweeping nature of these regulations some of which it is being asked to put into statutory form.

Regulation No. 7 reads:

(1) No person has any rights or remedies and no action lies or may be brought against any person in respect of:

(a) an act or omission that was required by the Secretary of State or custodian;

(b) an act or omission that the person acting in good faith reasonably believed to have been required by these regulations or any regulations heretofore in force with respect to trading with the enemy or enemy property; or

(c) property transferred, delivered or paid to the Secretary of State or custodian or pursuant to his direction either before or after these regulations came into force.

(2) No person shall bring, take or continue against an enemy in any court in Canada an action or other proceeding of any kind whatsoever unless such person has obtained the written consent of the custodian.

Citing that as an illustration I am asking whether the house is prepared to see continued in statutory form such sweeping powers as these.

It is worth recalling too, Mr. Speaker, that this question directly applies to the recent statement issued by the Prime Minister (Mr. Mackenzie King) with respect to the disposal of the property in Canada of persons of Japanese origin. The statement that was issued by the Prime Minister last month—

Mr. SPEAKER: I am sorry to interrupt the hon. member, but I do not think he should discuss at this stage specific questions such as the Japanese question. What is before the house now is a resolution to permit the Secretary of State to introduce a bill. It is in order for hon. members to discuss the principle of the resolution, and it will be their privilege in committee of the whole on the bill to discuss the various clauses and ask questions of the minister. But I do not think that as Speaker I should permit any member to go into details now and discuss, for instance, the Japanese question. I am only the voice of the members; my only desire is to apply the rules and to help hon. members, but I do not think I should permit any hon. member to go into details such as the Japanese question. I would ask the hon. gentleman to discuss only the principle of the resolution which is before the house.

Mr. FLEMING: With great respect, Mr. Speaker, what I was proposing to do was to relate the statement of the Prime Minister, with reference to the disposition of Japanese property in Canada which has been in the hands of the custodian of enemy property, to the resolution which is before the house.

Mr. SPEAKER: I am sorry to have to interrupt the hon. member, but after all there is a rule which must apply to every hon. member, and if I permit the hon. member to discuss the Japanese question I must give every other member the same permission.

Mr. COLDWELL: Mr. Speaker, may I with great respect say that I cannot accept the ruling that you made or I think were about to make. It seems to me that the principle of this resolution is trading with the enemy, and if the operations of the custodian deal with the Japanese as an enemy, I submit that the question is wide open. I think it is a matter for the judgment of the individual member who has the floor. I think your advice is good, Mr. Speaker, but I think your ruling would be wrong.

Mr. SPEAKER: I must say to the house that I did not give any ruling. I just suggested to the hon. member what I thought would be in the interests of every member of the house. If it is the wish of hon. members to go into details, the house of course is master of its proceedings. I felt it my duty, however, to suggest to the hon. member that he should not go into details until the house is in committee of the whole, but if hon. members believe that the Japanese question is related to the resolution I will listen to the hon. member.

Mr. FLEMING: I do not wish to prolong this discussion, Mr. Speaker. In deference to your views and apart altogether from whether you gave a ruling or not, I shall be content to follow this matter up in committee when there may be an opportunity to question the Secretary of State regarding it. I point out to the minister that his statement has been brief. There are numerous questions inherent in the resolution and in the bill which will follow. Most of them arise out of the fact that secrecy has surrounded all these operations. In the seven and a half years that these operations have been in effect the house has not been given information. Before we proceed very far with this measure I think the house will rightly demand and insist that the fullest kind of report concerning operations under these sweeping regulations be given to hon. members and to the people.

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to support what the hon. member for Eglinton (Mr. Fleming) has said with regard to reports. This particular resolution foreshadows the introduction of a bill, but before we discuss the bill we should have the kind of report which the hon. member for Eglinton has suggested. Many of us have

been disturbed by the operations of the custodian of enemy property. We should like to know just what property has been dealt with, and in what manner. Properties have been taken away from organizations and from individuals and have been sold. We should like to know something about the operation. Certain patents have been in the hands of companies which have been associated with nazi organizations such as I.G. Farbenindustrie, and I should like to know for example what has become of the royalties due to Farbenindustrie from the Bayer Company, which makes aspirin in Canada, and after the outbreak of the war what was our position with regard to the Bren gun royalties, and a few other matters of the kind, information as to all of which would be interesting to the house and to the country.

Therefore, Mr. Speaker, I wish to support the request of the hon. member for Eglinton that before we consider this bill we have in our hands a complete report of the operations of the custodian of enemy property, particularly on such matters as I have indicated.

Mr. T. L. CHURCH (Broadview): I do not wish to debate this resolution but I wish to object to its text and to the way in which the government is approaching this problem. We made the same mistake after the first great war. When we go into committee we shall be bound by the text of this resolution and by the regulations affecting trading with the enemy.

During the war we found that there were no regulations made by one dominion; they were made by the allies, as I understand it, and they expired in 1945. What happened after that? Provision is now being made for the continuance of certain regulations respecting trading with the enemy and the disposition of enemy property or compensation respecting property in enemy territory. The whole policy is all wrong. We have already seen the result of this policy in the peace treaties after the first war. We are now going to carry on with regard to the disposition of enemy property. Canada got very little enemy property—and the same can be said of the other dominions after the first great war. We are going to make the same mistake this time because we are signing a separate treaty. We signed the halibut treaty separately from the other dominions. If we had hung together as dominions with the mother country, what would have happened? We would have got from this war a far larger share of the enemy property, of the property of Japan, Germany, Italy and all the rest of them. We shall get very little after the

four big powers are through. By the treaty of Versailles we got very little out of Germany and Greece. Greece owes us a large sum today, and we are going to make the same fatal mistake today. If the dominions would hang together we would have something to say about the peace terms and about this enemy property, because we have either to hang together with the mother country or hang separately. There will be very little enemy property left after the four big powers take their shares. If we continue to sign treaties separately we shall have nothing whatever to say about the peace terms, and I doubt whether we shall get very much out of enemy property. We owe that to the policy of signing treaties separately instead of hanging together in peace as we hung together in war. None of the dominions is strong enough to go it alone. If we continue to make treaties with every country on earth we shall get the worst of it all along the line. I doubt whether there will be anything left after the four senior powers have had their shares. We deserve the treatment we got because of our separatist action in taking the stand we did. In the twenties many of us on this side of the house opposed the dividing of Britain's representation in the halibut treaty. I am glad that I opposed it because we found out afterwards that we had very little to say by ourselves and got little. We also want to run this thing ourselves and decide ourselves as if we were a large power. We have seen the result of it all in the turmoil of the united nations organization.

Mr. GORDON GRAYDON (Peel): What I have to say will be largely confirmation and emphasis of the point which has been made by the hon. member for Eglinton (Mr. Fleming) and the hon. member for Rosetown-Biggar (Mr. Coldwell) in regard to the custodian of enemy property. I hope that the government has not come to the position where it still thinks that this country is at war.

Under the stress and strain of war there may have been reasons why certain information possessed by the custodian of enemy property should be withheld from the public. I do not admit that, but it is a possibility. But it does seem to me that we have gone a long way in pulling down the blinds, putting up the shutters and locking the door so far as the custodian of enemy property is concerned; particularly is this true when one realizes that in the great country to the south a report is published by the custodian of enemy property. We find that when we want such a report we cannot get it; it is not available to hon. members; it is not available to the public.

[Mr. Church.]

I hold in my hand the annual report of the office of alien property custodian of the United States of America for the fiscal year ended June, 1944. If there is an argument in favour of withholding from the public of Canada the various items relating to the custodian of enemy property here, then surely the same argument would hold good in the United States, where perhaps an even greater extension of the work of the custodian is carried on.

In this booklet which I hold in my hand—it consists of about 256 pages—there is a full description of the work of the office of the alien property custodian for the year 1944.

Mr. GIBSON (Hamilton West): Does that booklet refer to alien property or alien and enemy property? Does it deal only with the United States aliens resident in that country?

Mr. GRAYDON: It deals with the alien property custodians office. I shall now detail for the minister's consumption just what it contains. It covers the policies and techniques which are used in connection with the running of the office; a general description of the controlled property, which includes foreign property in the United States; total property controlled by the custodian; vested property; supervised property and assets remaining from world war No. 1; business enterprises; vested enterprises. In addition to that patents, copyrights, trade marks, real and personal property and property under judicial or administrative supervision; claims and suits, and the finances which are an important matter with respect to the custodian's office. I point this out to the minister only for the purpose of corroborating what has already been said by the two hon. members who have spoken on this subject.

I feel, and I think the house feels strongly that we should not be taking too many leaps in the dark now that we are at peace. There may have been times during the war when we had to rest on blind faith, but that is no longer true even as regards the custodian of enemy property. I suggest to the minister that before he brings down the bill for second reading he give the house a full report of the operations of the custodian of enemy property.

This is not simply a matter of information for nineteen or twenty members of the government, nor is it a private concern. This is a public enterprise. It belongs to the people of Canada, who are entitled to the information, since we are spending public money in the administration of matters of this kind. I urge upon the minister with every bit of emphasis I can command that before the bill comes in for second reading he let us have a report with regard to the office of the custodian of enemy property.

Mr. E. G. HANSELL (MacLeod): I must confess that sometimes I am amazed at the rapidity with which the house passes resolutions that precede important bills. It appears to me that the opposition groups are pretty well at one in their desire to have the fullest information possible before this resolution carries.

I do not know that I personally have any particular objection to going into committee, but I certainly object to going out of committee until we have all the information we need. This legislation takes in quite a bit of territory, though not necessarily geographically. It is wide in its scope. For instance, the last part of the resolution is for the implementing of provisions in any treaty which may be executed on behalf of Canada and ratified by parliament with respect to the disposition of enemy property or compensation respecting property in enemy territory. That may involve a great deal that we as members of parliament know very little about.

Mr. GIBSON (Hamilton West): The treaty has to come before the house for approval.

Mr. HANSELL: I was going to make a few remarks on that point. I do not like that either, because I believe that more often than not we put the cart before the horse and instead of having an effective democracy in Canada we render it less efficient by doing things in that way. I know that this has been done in this manner before; it has been done this way for years. Governments in power meet with legations at international conferences and sign documents and treaties, and as far as I am concerned the thing is then practically sewn up. The government come back to parliament a few months later or whenever the house is sitting and they lay the thing at our doorstep and say, "There you are, boys; what are you going to do about it?" And what can we do about it? It may be said that we can reject it if we, so desire. Theoretically we can, but that never happens. That is a general objection I wish to register.

We do know that often when governments of several countries get together at a conference some of them reserve their signature and their decisions until they take back a report to their respective parliaments and thus get the views of the people concerned. I do not see why that cannot be done in respect of negotiations carried on on behalf of Canada. I feel greatly concerned about that, because I believe there is an important principle involved, the principle whether the government or parliament is supreme; and in order to have a really effective and democratic

parliament, parliament must be supreme and the government must be the servant of the people.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. FLEMING: Will the minister indicate the general tenor of the regulations which it is proposed should be continued by the bill? There must be some line of distinction which the government, in drafting the bill, has drawn between the regulations it thinks ought to be continued and those which can now be discarded. Can the minister enlighten the committee in that regard?

Mr. GIBSON (Hamilton West): It is difficult to give a general resume of the method that was adopted. The regulations were gone through individually and those which it was felt we could dispense with, those which under peace-time conditions were not essential, have been wiped out. In the bill as presented there has been no renumbering, so they contain just the original number marked with the section quoted, and anyone dealing with a regulation will be able to refer to a section by the same number as that by which it had previously been recognized.

Speaking of the custodian's office, I agree with a great deal of what has been said. There is certainly not the same need for secrecy that there was during the war. At that time it was of course essential that enemy countries should not know what assets remained in Canada belonging to nationals of a foreign country, or what assets of enemy countries were owned by Canadian citizens and held in this country. The same situation does not prevail today, but we do need these regulations in order to control enemy property that is in Canada and also to enable us to continue investigations which have been going on ever since the war ended to locate enemy property which may have been skilfully hidden or which was under the control of the enemy or their agents in Canada.

When the allied forces got into Germany and had access to records there, information was secured which enabled us to locate in Canada and in other countries property which had an enemy interest. Consequently the custodian is interested in and requires authority to continue to handle the property that is already in his hands or to make investigations to follow up any leads that were secured in Germany. It might be of interest to the house to have something of the historical background of the custodian's office. I may say that I have not today any complete financial record of the custodian's office to present to

the house. I do not know how far that should be given, for various reasons, and I shall look into that before making any final or definite statement on it. I do know that where there is foreign property in Canada and it is in the control of the custodian, if lists or figures are given with respect to that property it may be extremely embarrassing to the owner of it if he comes from one of the countries of Europe and possibly had assets in Canada which he had not declared in his own country.

Mr. COLDWELL: Is that an enemy country?

Mr. GIBSON (Hamilton West): No, in friendly countries such as France, Belgium or Holland, for example, which might have been overrun by the enemy. Those assets, of course, came under the control of the custodian during the war.

The office of the custodian was first set up in April, 1920, following the first great war. At that time the Secretary of State was appointed custodian to take over from the minister of finance and the receiver general who had acted as custodian during the period of the first great war. The administration of the assets taken over in the first great war had not been completed when the second war broke out in 1939. At the outbreak of the second world war an order in council was passed under the provisions of the War Measures Act known as "Regulations respecting trading with the enemy, 1939". That order was later revised or amended by "revised regulations respecting trading with the enemy, 1943". In addition to setting forth the regulations it also vested in the custodian all property rights and interests in Canada belonging to enemies, whether or not they had been disclosed to the custodian. That was a further step forward from the custodian's powers in the previous war, as it automatically vested all enemy property in the custodian, whether that property was disclosed at that time to the custodian or not. The purpose of that order was to prevent the flow of financial resources to the enemy, to obtain complete control over enemy-owned property in Canada, and to provide for the best possible use of such property with a view to furthering Canada's war effort.

Besides making provision for carrying out these objectives, the order provided for control of the property of aliens who were detained or interned in Canada. It provided for the control of the financial resources in Canada of every person, regardless of nationality, who resided in enemy territory or in territory under enemy control, and it provided for the recording of Canadian claims against the

[Mr. Gibson (Hamilton West).]

enemy or claims of persons who happened to be residing in Canada for any property lost through enemy action. The amount of enemy property in Canada at the beginning of the second world war was not as great as when the first world war broke out. Between 1920 and 1939 enemy countries were not in a very good position to export substantial amounts of capital abroad; also they had rigid controls, which tended to keep their capital at home.

I may say that under the order which vested all enemy property in the custodian it required an immense amount of work and investigation to uncover enemy assets in this country which had not been disclosed and which had been very methodically and carefully camouflaged. But under the regulations the custodian secured wide powers to appoint inspectors with the right to go into and investigate companies and personal affairs, in order to ascertain whether or not there was any enemy interest or whether such companies had been guilty of trading with the enemy.

I said that the total assets which came under the control of the custodian were not as great as in the last war, but the total amount which has come under the control of the custodian since September 2, 1939, has reached a figure of well over a billion dollars. But by gradual release of state funds and gold that belonged to former proscribed countries—that is, to allied countries or other countries which had been overrun by the enemy—as well as the release of property to persons who were able to establish that they could no longer be considered as enemies under the regulations, the total assets now under the control of the custodian amounts, at present valuations, to approximately \$350 million. All that money is, of course, not in the hands of the custodian. When I say "under his control", I mean that some of it may be actually being handled by trust companies, by banks and by other institutions, but the accounts cannot be disposed of or dealt with without the consent or the approval of the custodian.

Negotiations respecting the release of property belonging to residents of various liberated European countries are now under way with the various governments concerned. Those negotiations, of course, are carried out by the Department of External Affairs. The peace treaties with Italy, Bulgaria, Roumania, Hungary and Finland, which will be presented to the house for ratification, provide that each of the allied and associated powers shall have the right to retain all property within their territory belonging to the nationals of those respective countries, and also give to the

allied powers the right to deal with it as they see fit. At the same time under these treaties provision is made that the enemy owner of any assets in Canada which have been confiscated in this country may apply to his own government for compensation. Under the original order provision was also made that the custodian could record any claims that came in covering loss or damage to property situated in enemy territory and any loss or damage incurred through enemy action. I may say that while the custodian has not yet advertised for any claims, the value of the claims already received by the custodian considerably exceeds the value of the enemy assets at the present time under his control.

I should like to say something about the administration of the custodian's office, because with such diversified lines of assets as came into his hands I feel that he has been not only doing business in the nature of that of a trust company but has also had to handle assets which no trust company would expect to find in its hands. For example, one asset which had to be taken over was a circus down in the maritimes. The owner of the circus was interned, and the custodian found himself with the circus on his hands. I may say that he operated the circus during the summer at a profit, and then disposed of the animals when winter came along and he could no longer retain them.

Mr. GRAYDON: Are the government operating it?

Mr. GIBSON (Hamilton West): Well, the custodian operated it. Then as a sample of the type of difficulty we ran into, the custodian one day received a telegram from one of our inspectors stating that on one of the properties he had taken over was a cow, and asking what he would do with it. They wired him to hand the cow over to the nearest farmer. The reply was that the cow was on an island, and the only means of communication with the mainland was a rowboat. So the custodian of property was dealing with all sorts of properties ranging from enormous sums, involving large bank accounts and big business, down to small individual details in connection with the taking over of properties of enemies who had been interned.

In spite of the innumerable claims and the tremendous volume of business which came through our hands, there have been remarkably few complaints as to the work done by the custodian's office. Since the inception of the custodian's office in 1920 it has been self-sustaining. No money is drawn from public funds; all salaries and other expenses are paid

out of earnings, or out of claims the custodian is entitled to collect or funds going through his hands.

As I said earlier, with the cessation of hostilities many of the regulations required during the war were no longer necessary. The result was that on January 14 an order in council was passed under the National Emergency Transitional Powers Act, 1945, amending the existing regulations and removing those provisions which were no longer required. The present measure makes provision for regulations which will be necessary until such time as the peace treaties have been signed and enemy assets in the hands of the custodian finally disposed of.

I believe that covers the historical background of the work of the custodian's office. Then, I feel the committee is entitled to information as to what has gone on from the standpoint of financing. I shall have to look into that matter and ascertain if there is any reason why some of the individual accounts, or the names of individual enemy owners of accounts, should not be disclosed. At least I think the totals might very well be given to hon. members so that they might know the extent of the work carried on in this branch of the office.

The accounts of the custodian's office have been audited every year by Price, Waterhouse and Company of Montreal. Since assuming my present portfolio I have arranged that the accounts shall be audited by the auditor general.

Mr. BRACKEN: The resolution states—

That it is expedient to introduce a measure to provide for the continuance of certain of the regulations respecting trading with the enemy.

Early in the war the properties of certain so-called illegal organizations were taken over by the government from those organizations. It is my understanding that much of it, indeed if not all of it, was sold, and sometimes at very low figures. Later, during the course of the war, those organizations were repaid, sometimes in amounts several times as large as those for which their properties were sold. Do the regulations the minister is now asking to be incorporated in the form of a statute cover the office of the organization which had to do with that property?

I have in mind specifically an organization which was known as the Ukrainian Labour Farmer Temple Association. In any event it was considered to be related to the communist party. The properties in question were community halls, and that sort of thing. It was represented that the owning organizations were communistically inclined, or that they were in fact communist in their views.

I know of certain properties which were taken and which were sold at low figures. Then, some time later—I do not know how many years—these organizations were repaid. Sometimes they were given back their buildings, and sometimes I am told they were given sums of money much greater than the amounts for which their properties had been sold.

Does this legislation cover the regulations of the office which had to do with those properties?

Mr. GIBSON (Hamilton West): The custodian had under his control the properties which were taken over from the Ukrainian Labour Farmer Temple Association. That happened during the war. The properties were disposed of, and when these organizations were no longer considered illegal, claims were made for refunds up to the value of the property taken over. Each case was reviewed separately. I believe a commission was appointed to consider each claim and to make recommendation as to any fair adjustment that could be made. Those adjustments were made by the custodian's office.

Mr. BRACKEN: What report, if any, has this house had as to the operations of that office with respect to these particular matters?

Mr. GIBSON (Hamilton West): I do not think any report has been given to the house.

Mr. BRACKEN: I have raised this question before and, with all deference Mr. Chairman, I believe it is closely related to what was said for the hon. member for Eglinton and the hon. member for Rosetown-Biggar. It is time the house knew what has been going on with respect to those as well as other properties. I feel very strongly that the information should not be hidden in someone's office; hon. members should know what has been going on.

Mr. GIBSON (Hamilton West): I do not wish to interrupt my hon. friend. I must say however that I do not know whether that information was ever asked for. Certainly I see no reason why it should not be disclosed. There should be no secrecy about it.

Mr. COLDWELL: Did this office also deal with the property of Canadians of Japanese origin who were not aliens but rather were citizens of this country? Only last session I was making inquiries about the property of a sergeant in the Canadian army. This man was a Canadian of Japanese origin whose property was taken and sold for a song while he was on service in the far east. When he returned to Canada he found himself with practically no property at all. Is this the organization which dealt with that property?

[Mr. Bracken.]

Mr. GIBSON (Hamilton West): The Japanese were dealt with by several organizations. The particular case mentioned by the hon. member was dealt with by the custodian, although all Japanese cases were not dealt with by him in the first instance. For example, fishing vessels owned by Japanese were first taken over by the navy, and later some I believe were sold by the Department of Labour. The money received for them was eventually either turned over to the individual owner, or, if he was not available or was interned, turned over to the custodian.

Mr. COLDWELL: Where properties were sold as in the case I have mentioned, for ridiculously small sums in comparison with their real value, and where it was found that an injustice of this kind had resulted, was compensation made by the custodian of enemy property, as it was made in connection with the property to which the leader of the opposition referred a few minutes ago?

Mr. GIBSON (Hamilton West): No, not yet; and I do not know that any compensation in that particular case will be made to the former owner.

Mr. COLDWELL: Why not?

Mr. GIBSON (Hamilton West): Those are matters for the judgment of experts, I suppose.

Mr. COLDWELL: May I point out that this man fought for our country.

Mr. GIBSON (Hamilton West): I know the case.

Mr. COLDWELL: He was on our side, and yet he was penalized while he was away. On the other hand the properties to which the leader of the opposition referred belonged to people who at least for a couple of years were doing anything but supporting this country in the war.

Mr. GIBSON (Hamilton West): I know that individual case. When the custodian found himself faced with the problem of dealing with a number of properties of Japanese nationals or Japanese Canadians in British Columbia, two committees were set up in Vancouver, an urban and a rural committee. The chairman of the committee was a judge, and the membership was made up of well known citizens, including one Japanese. Those committees appointed real estate advisers to look over each piece of property and give a valuation before it was sold. I may say that in each case the sale price received was considerably in excess of the valuation made by the valuator. I feel the custodian's office endeavoured to provide every protection possible in order to get the best figure.

The hon. member for Rosetown-Biggar referred to a Japanese who served in the Canadian army. He had a property which the valuator did not look upon as being very valuable. It was carefully valued to begin with, and since that time the valuation has been reviewed and it has been found that a great disparity exists between the figure claimed by the man and that given by the real estate valuator.

A few days ago the Prime Minister stated in the house that the government intended to see that no injustice was done in the cases of sales of properties of Japanese nationals or Japanese Canadians who had been displaced. I feel that it may be necessary to set up another commission, as was done before, to hear these cases and decide whether the valuations put on by the government or the valuations put on by the Japanese are correct.

When the custodian took over these properties he had great difficulty in finding out from the Japanese owners just what they had in the way of furniture, farm implements and other chattels. They are afraid that any list they might give would provide us with a lead as to where their assets were and they would be confiscated. The result was that in many cases the custodian got a most incomplete list of assets of the Japanese who had been removed from the coastal area. Now these people are coming along with claims of exaggerated values and this constitutes one of the problems being faced by the custodian at the present time.

Mr. BRACKEN: When the minister spoke a few minutes ago he said that this office had constituted no charge upon the taxpayers of Canada. I should like to ask where the money went to that was obtained from the sale of the properties of the Ukrainian labour temple. These were sold early in the war at low figures, and then later these organizations were paid sums of money greater than what had been secured for the properties.

Mr. GIBSON (Hamilton West): That difference came out of funds in the hands of the custodian which had been built up from profits he had made from his dealings; it did not come out of consolidated revenue fund.

Mr. BRACKEN: Is the minister saying that it came out of commissions only, or did it come out of the principal of the properties owned by other owners?

Mr. GIBSON (Hamilton West): It was surplus that had been built up in the hands of the custodian. It was not capital belonging to enemy aliens.

Mr. BRACKEN: Is there any requirement in the legislation setting up this office that a report shall be made to parliament on the activities of the organization? The minister said that there had been no request made—I have asked personally for this information—but I should like to know whether there is some requirement that a report of the detailed operations shall be made.

Mr. GIBSON (Hamilton West): I understand that some questions have been asked in connection with the office of the custodian and in many cases they have been answered. There is no provision for the tabling by the custodian of an annual report.

Mr. BRACKEN: And no annual report has been tabled?

Mr. GIBSON (Hamilton West): No.

Mr. FLEMING: Do I take it from the minister's last statement that the custodian did submit to the Secretary of State an annual report? The minister has referred already to the audit.

Mr. GIBSON (Hamilton West): The Secretary of State is the custodian.

Mr. FLEMING: The regulations provide that the Secretary of State may appoint a custodian and that certain powers which would otherwise be vested in the Secretary of State may be delegated to the custodian of enemy property. According to the regulations I do not think the minister's answer is correct, but let us not worry about phrases. Am I to take it that the custodian of enemy property did submit either to the minister or to the governor in council an annual report of all operations under the regulations?

Mr. GIBSON (Hamilton West): The deputy custodian submitted an annual report to the custodian, which is the Secretary of State. The auditors also submitted an annual report to the Secretary of State.

Mr. FLEMING: Would the minister have any objection to tabling those annual reports? It seems to me that we are coming now to the crux of the whole matter. There have been strong complaints from this side of the house about the secrecy which has surrounded all the operations of the custodian of enemy property.

Mr. GIBSON (Hamilton West): I would not want to give an undertaking on that today; I would rather look into it to find out if there is any objection to that being done. Otherwise I could give it when we come to the second reading.

Mr. FLEMING: I do not want to be unnecessarily stubborn about this, but I think the minister will appreciate that it is highly important from the point of view of those who sit on this side of the house that if these reports are to be tabled, they should be tabled in advance of second reading because they may have a pronounced influence on the stand we take on second reading. If the government decides that it is prepared to table these reports will the minister give an undertaking that they will be tabled in advance of second reading so that hon. members will have an opportunity of knowing something about their contents before they are called upon to pass upon the principle of the bill?

Mr. GIBSON (Hamilton West): My colleague the Minister of National Health and Welfare has just showed me a statement he made in 1945 when this matter was under discussion on his estimates. I quote from page 3620 of *Hansard* of December 15, 1945:

The office is created by statute, and the administration of the funds has nothing to do with the consolidated revenue. I have taken the position, and I believe quite properly, that if at any time the house should ask for a statement of particulars I would consider it my duty to give it. That may seem strange. The custodian in the United States, and custodians in other parts of the British commonwealth, do not take that view. The custodian in this country, however, takes that position, but there are no special accounts, by way of formal estimates. We are administering trust funds that belong to other people, which funds may, at some time in some way, be used in connection with claims. I was about to say that the value of the property we are administering is very considerable.

That is the reason why they do not give complete details as to the owners of the assets in the hands of the custodian, but I do feel that a great deal of information should be available for production in the house.

Mr. FLEMING: I would ask the minister whether, if the government agrees, as I trust it will, to table these annual reports, whatever they may contain, he will give the committee the undertaking that these reports will be tabled in advance of the second reading of the bill.

Mr. GIBSON (Hamilton West): I cannot give that undertaking. I have not seen the previous report, but it is very likely, almost certain, to contain a great deal of information about the private affairs of individuals and companies which should not be disclosed to the public. While any information of a general nature that the house wants should be made available, I do not think that the private affairs of any individual, just because he hap-

[Mr. Gibson (Hamilton West).]

pens to have been unlucky enough to have his assets taken over by the custodian, should be made public.

Mr. FLEMING: There are two matters that I think ought to be mentioned and on which I would respectfully invite comment from the minister. First of all, with respect to the property of persons of Japanese origin resident in Canada, the Prime Minister made a statement on January 24, 1947, announcing the revocation of certain orders in council respecting such persons. He added that one order in council was remaining in full force and effect. Dealing with the disposition of the property of such persons he said:

With respect to the property of persons of Japanese origin who were removed from the Pacific coast, and whose property was sold by the custodian, the government is of the opinion that the sales were made at a fair price. In all cases a complete appraisal was made before disposition. The total of the prices secured is greater in aggregate than the total appraisal value. To ensure, however, the fair treatment promised in 1944, the government is prepared in cases where it can be shown that a sale was made at less than a fair market value to remedy the injustice.

I take it from the remarks made by the minister that there is in contemplation the establishment of a committee to check on claims of this kind. I wonder if the minister would be more specific on that point. I gathered that the kind of committee he proposes to establish will not be a judicial body at all but might consist of civil servants or persons in the employ of the government who have been engaged in appraisals. I think it would be of interest to the house to have further details with respect to the method which the government intends to pursue to give what the Prime Minister refers to as fair treatment in these cases.

The other point is this. The second part of the resolution deals with powers for implementing provisions in any treaty which may be executed on behalf of Canada and ratified by parliament, which I take to mean hereafter executed and ratified with respect to the disposition of enemy property or compensation respecting property in enemy territory. The nature of the terms and the method proposed are, I think, of definite interest to the committee at this stage. What is proposed here, if one gives a literal reading to the terms of the resolution, is that in advance of the signing of treaties, and certainly in advance of their submission to parliament for ratification, the government proposes to set up by the bill some method or procedure for dealing with claims and with the disposition of property in

general. Can the minister enlighten the committee on those terms, and in particular as to the scope of the powers which the governor in council may be seeking from the house in respect to these matters?

Mr. GIBSON (Hamilton West): My hon. friend knows that once the bill is passed it cannot be amended by order in council, but under the powers sought by the bill the governor in council will be able to make any amendments necessitated by the provisions of treaties approved by the house, so that immediately a peace treaty is signed, once the bill is in operation, the necessary order in council may be passed enabling the action contemplated in the peace treaty to be taken.

As to the other point, I cannot give my hon. friend particulars yet as to how these Japanese claims will be handled. The matter is under consideration at the present time, and no decision has yet been reached. It is difficult to know just yet the extent and number of the claims and what would be the best way of handling them, but that matter is receiving consideration.

Mr. KNOWLES: I was glad to hear the Secretary of State indicate that he would give consideration to giving the house as much information as possible concerning the operations of the custodian of enemy property, and I hope that he will go just as far as he can in that direction.

There are two kinds of cases that I want to ask about, and I should like to know what relative amount of support will be given to these two kinds of claims. First of all, during the war this house was incensed—I think that is a fair statement—over a report which was made to the effect that the president of the Falconbridge Nickel Company had said to the shareholders of that company that they would be glad to hear that their properties in enemy-occupied country were undamaged and that they were still producing nickel. That statement had implications which even the Prime Minister condemned on the floor of this house. I am not concerned about the properties of that particular company, but let us suppose that they were damaged through allied action. No doubt there are cases of that kind in which claims for compensation have been made by Canadian citizens. What I want to know is how much pressure is used by the custodian and other officials of the government to further claims of that kind, in comparison with another kind to which I shall now refer.

The other kind of claim I can illustrate by giving particulars. It is the case of a Cana-

dian citizen now living in Manitoba. His father was a British-born subject. The man himself spent most of his life in Austria, where he was born, and to which country his father had gone. But later he came to Manitoba and subsequently his status as a British citizen was confirmed. He is now in Canada as a Canadian citizen. In Austria he had worked as an employee of the Austrian government railways, and in due course was retired on a pension from the Austrian government. He came to Canada and, as I have said, is now residing in Manitoba as a Canadian citizen. Up until the summer of 1939 his pension from the Austrian government came through to him regularly. When the war broke out the pension stopped and he has received nothing since. I understand that he has filed a claim with the custodian of enemy property and the matter has been taken up with the Secretary of State. He has been told that his claim is on file for consideration when the Austrian treaty is being dealt with. It seems to me that this man has just as strong a claim as the other, indeed much stronger, and I should like to know whether the same amount of pressure is put behind both these kinds of claims. Here was a Canadian citizen who had this money coming to him from a foreign power. Surely he is entitled to receive his pension from the Austrian government at least for the time that that government was still intact—much more so than in the other case, where continued operation of Canadian-owned properties in enemy occupied territory would work to the detriment of the allied cause, in fact would result in the loss of Canadian lives. Will the Secretary of State say something on that, particularly with reference to the second case?

Mr. GIBSON (Hamilton West): I believe these are questions which should be brought to the attention of the Secretary of State for External Affairs. They refer to pressure that is to be put on enemy countries in settling the peace terms or the arrangements to be made under the peace terms for the payment of losses which were sustained during the war. The custodian simply holds the property here; he cannot disburse it amongst those who have undergone losses until he has had placed in his hand a list of the losses which have been sustained. So far as the agreements with the enemy countries go, that is a matter which would be negotiated or dealt with by the Secretary of State for External Affairs.

Mr. KNOWLES: When the Secretary of State spoke earlier this afternoon he gave a rough estimate of the value of enemy

property held by the custodian. A moment later he said that the amount of the claims filed by persons such as the gentleman to whom I have referred was in total greater than the amount of enemy property held by the custodian. What are the chances of one being considered against the other? What are the chances of the claims of Canadian citizens on enemy powers being considered as a first charge on the enemy property held by the custodian?

Mr. GIBSON (Hamilton West): The distribution of enemy property held by the custodian will go into the payment of claims which have been established and approved. If there are not sufficient assets to cover all the claims in full, my view is that they would be paid at so much on the dollar to utilize the amount that is in the hands of the custodian. It will be expended in that way so that it will be fairly distributed among the claimants.

Mr. MACDONNELL (Muskoka-Ontario): I wish to ask the minister a question, but before doing so I think I might comfort the hon. member for Eglinton, and others on this side of the house who would like to get a fuller report than we are likely to get, by reminding hon. members that after all the minister in his capacity as custodian will give a full report to himself as Secretary of State. It reminds me of one of Gilbert's light operas that we all remember, "The Mikado", where Pooh-Bah, who had all kinds of capacities, reported to himself in these various capacities and found it was a convenient thing to do.

Mr. KNOWLES: He never put himself on the list.

Mr. MACDONNELL (Muskoka-Ontario): No. When the point was raised as to where the money came from which we used to make up what we might call some regrettable exercises of judgment in the minister's department or in the custodian's department, the minister used two different words, as I understood him. At one stage he said that it had been paid out of the surplus, and at another stage he used the word "earnings" or a word that suggested earnings to me.

Mr. COLDWELL: Commissions.

Mr. MACDONNELL (Muskoka-Ontario): I do not think it was "commission", but at any rate the minister will remember the two different words he used. I should like to know how the earnings, or the moneys, whatever they were, did arise. Then I wish to raise a further point. I remember that when

[Mr. Knowles.]

this point was raised in 1945, when the former minister was queried as to whether there had been a loss in respect to these transactions, if my memory serves me rightly he said "no". I understand now, though I did not understand fully then, the sense in which he said "no" at that time. I take it to be this, that there were earnings or surpluses which were used for this purpose and perhaps for other similar purposes. That seems to me to be a dubious proceeding. It seems to me that that proceeding makes it easy to use money which parliament has not approved at all, but which arose in other ways—no doubt perfectly proper ways, but enabling people thus to retrieve, their errors, and to pay out, sums of money which are not approved by parliament. I find it a dubious proceeding and I should like to ask the minister his view of it, after he has told me just exactly how these sums arose. I should like to know in some little detail just on what basis the custodian who held property had his commissions fixed, and on what basis they were fixed, and by whom.

Mr. GIBSON (Hamilton West): First of all I want to say that I regret to hear my hon. friend refer to the regrettable exercise of judgment on the part of the custodian in the sale of these properties.

Mr. MACDONNELL (Muskoka-Ontario): I thought I was making it much too lenient.

Mr. GIBSON (Hamilton West): I do not like to complain of these things, but that was in connection with the halls owned by the Ukrainian Labour Farmer Temple Association. When these were sold earlier in the war they were sold at a time when there was absolutely no demand for such properties. Housing was not in demand as it is today and in a great many instances great difficulty was found in getting any price for the property. Quite often people did not want them.

Mr. MACDONNELL (Muskoka-Ontario): Does the minister not think that the selling of them at all was a questionable proceeding?

Mr. GIBSON (Hamilton West): I am not going to give an opinion on that because I was not in charge of the office at that time. I really do not know the details of it. But I do know that where the property was taken over by the custodian—if it was left empty it was simply wrecked. People in the neighbourhood entered the properties. Possibly they did not like the owners of the properties and they deteriorated very rapidly—in many cases when they were sold they did not bring in as much money as it cost to build them originally or as much as they would have

brought later when houses were in great demand and it was very difficult to get other buildings constructed. The result was that when the claims commission went around and established the values of the properties, the prices established were in many instances higher than that at which the property had been sold. However I do believe that the custodian used the best judgment at the time when the sales were made.

With regard to the fund from which the payments were made, the custodian is entitled to charge up to 2 per cent of the property which comes under his hand. He charges various commissions for handling the property, depending on how much work is encountered in dealing with the property.

Mr. MACDONNELL (Muskoka-Ontario): Two per cent on what and how often?

Mr. GIBSON (Hamilton West): It is 2 per cent on the capital, of the entire amount that comes under his hand.

Mr. MACDONNELL (Muskoka-Ontario): Regardless of the length of time?

Mr. GIBSON (Hamilton West): Regardless of the length of time. That fund is used for the payment of the expenses of the custodian's office. There is a surplus over and above the amount which was required by the expenditures, but that is not turned into the consolidated revenue fund; it is held in the custodian's office, and from that amount was taken the sum required to make up the difference that was awarded to the Ukrainian Farmer Temple organizations.

With regard to any claims that come up at this time, I do not know that the same method should be adopted because with regard to claims by the Japanese, we do not know whether they are chargeable, at least I do not know yet whether they are chargeable to the work which was done by the custodian, or whether they were losses incurred in other ways. If they should go so far as to give compensation for losses of earnings or something of that nature, which I myself do not think should be awarded, that, of course, would not be a sum that the custodian would be responsible for. That would have to be a government grant. I do not think that they would be entitled to that any more than any other operator who was put out of business during the war is entitled to come to the government for compensation.

Mr. CHURCH: While every Canadian would like to see Canada get all it can out of this enemy property, yet we have to consider the Versailles treaty. We signed that treaty separately. What happened? Did we

get anything? No. The ink was hardly dry on the treaty paper before everybody in England and in this country were talking. Mr. Ramsay MacDonald in speaking to the House of Commons said, "I tear up the treaty; poor old Germany." That was a few months after the war. What was the result? Did we get anything out of it? No. History always repeats itself. You can learn as to this matter from the "Lessons of History". The "Lessons of History" apply to this particular work. While we should like to see the minister get everything he can out of this, where is the property? When you look at this question realistically what do you find? Let us get the truth, the whole truth and nothing but the truth about it. As you know, Mr. Chairman, the big three, Churchill, Stalin and Roosevelt met at Yalta, Potsdam, Casa Blanca, and later on, in peace time, there was a meeting at Moscow where Mr. Truman took the place of the late President Roosevelt. What happened? Europe was carved up and the division of the spoils agreed to. But what have we got out of it? Russia is certainly a valuable ally of ours, because without her we could not have won the war; but the fact remains that she has got the property now in her possession: Poland, Finland and all the valuable property in the far east, including the oil wells and mines. She has taken everything that was available. A great deal of the valuable property in all this territory has been removed into Russia under Russian control.

And what about the United States? I have never failed to speak with proper admiration of these two great allies of ours, Russia and the United States, and I paid my tribute to the United States when they came into the war after Pearl Harbor. But again, what are the facts? It has been said that Russia and the United States are not imperialist. Well, I said in 1943 that the United States may not be imperialist in the sense of wishing to grab territory, though that remains to be seen; but certainly they are imperialist in the sense that they want a large share in world affairs and that after the war they wish to grab all the assets that they can get hold of. And they have already grabbed and held on to them. They are imperialist to that extent. They have all the bases in the Atlantic, from Newfoundland down to British Guiana, in return for fifty ships which they provided under lend-lease, a lease of ninety-nine years of the bases practically freehold and they want now to hold them. They got bases in the Arctic and they are now claiming bases in the islands of Japan. In fact, they say that the Pacific is their preserve entirely. They have taken their share.

What became of the gold that France had? What became of all Poland's property? Taken into Russia. What has happened to the other allies? Russia and the United States are going on the principle that what they have they hold. The gold of Poland and other countries is at Fort Knox in Kentucky. Let us compare the situation today with the situation after the last war, if we want to get a realistic view of it, because in this history will repeat itself and is already doing so. When I first entered the House of Commons in 1921 we were being told then what the treaty of Versailles would do, but we all know what Britain got out of it. I should like to quote briefly from a book I have here entitled, "The Left Was Never Right," by Quintin Hogg, M.P. He says, speaking of the "scrap" of paper made of the Versailles treaty Canada signed separately:

Yet if one thing is certain, it is clear that the occupation of the Ruhr valley by France was justified by the event.

France, by this treaty, was given the operation of the coal mines in the Ruhr valley and she administered that property in accordance with the terms of the treaty, and gave peace to that country for a number of years. But we know about the pleas that were made finally on behalf of Germany, and the result was that the allies got little or nothing out of the treaty of Versailles. On the contrary, Germany obtained a large amount of money from the United States and from other sources which enabled her to rebuild, and consequently we have had a second war. As a result of the failure of that treaty, the allies collected only pin-money, and now Canada will get nothing out of this but pin-money. But let me continue with this quotation:

Germany had defaulted in her payments, claimed inability to pay. The French occupied the Ruhr, took over the coal mines, and worked them as a security for the debt. The Germans retaliated with their first inflation and with an attempt at a general strike. They tried to pretend that the inflation was involuntary. We now know better than that. When it was decided to reverse the policy Doctor Schacht put an end to the inflation in a matter of forty-eight hours. The general strike failed. The French occupied the Ruhr for a period of nine months. At the end of this time Germany capitulated and the French had won. The six years succeeding this decisive event (1923-9) were the only peaceful years the continent really knew between the wars. Whatever might be said by the friends of Germany the occupation of the Ruhr was a success.

It is worth recording some of the things which were said by the Left about the French for taking a firm line.

In other words, the treaty of Versailles became a scrap of paper and Germany was [Mr. Church.]

allowed to go scot-free. Not only that, but she was enabled to borrow money from the allies to rebuild and rearm.

The CHAIRMAN: Order. May I remind the hon. member that the resolution before the committee has reference to enemy property. The hon. member is discussing reparations and treaties generally and I would ask him to stay within the limits of the resolution.

Mr. CHURCH: I was merely laying the foundation for my remarks, Mr. Chairman. I simply wish to point out what lessons we can learn from the events that followed the last war, when the treaty of Versailles was turned into a scrap of paper. We may sign a treaty along the lines of this resolution but it will not be worth the paper it is written on. As I said before, we are not going to get anything more than pin-money as a result of all this proposed treaty.

When you look at this resolution realistically, what does it say? The resolution proposes a measure to provide for the continuance of certain regulations which expired in 1945, with regard to trading with the enemy and also for implementing provisions in any treaty which may be executed on behalf of Canada and ratified by parliament with respect to the disposition of enemy property or compensation respecting property in enemy territory.

The disposition of enemy property! What enemy property? Where is the enemy property? Russia has it and so has the United States. The United States has some of the gold belonging to Poland and other countries. And what about the second part of this resolution with regard to compensation respecting property in enemy territory? Again I want to know where the property is in enemy territory. Where is it in Germany, or in Italy, which country was an enemy of ours, or in Japan which was an enemy of ours? What has she left that is of any value? And the United States wants her bases in the Pacific as her own. There is no such property left, and what they have they hold. You only need to read Lord Vansittart's book, "Lessons of my Life". He was British ambassador to Germany. You can go on just as long as you like discussing this matter, but when you look into the background you will see that there is no property to be had. Those two allies have grabbed everything, and Russia the oil wells in the far east, and now you are back to where you started. You are back to Yalta, Potsdam, Casa Blanca;—Europe is carved up along the lines suggested by the three leading powers and the smaller powers have nothing. If Britain and the dominions had only hung together they might have got something, but

they did not and they got nothing. If this proposed treaty is executed by Canada you will find that it is not worth as much as the paper it is written on; you will find that it will be just a scrap of paper.

Mr. JAENICKE: I do not intend to make a speech, but I should like to direct to the Secretary of State a few questions which are, I believe, pertinent to the resolution under discussion. I refer to the action of the custodian in taking over property which did not belong to enemy aliens. I have in mind the case of a Canadian of Norwegian extraction who was over in Norway when the war broke out and who had to stay there during the time of the war. His property was taken over and administered by the custodian. I should like to ask the Secretary of State whether or not the regulations have now been changed and if this Canadian has been restored to the possession of his property?

There are some further questions I should like to ask in connection with matters the Secretary of State mentioned in his opening statement. He said that there had been prosecutions and that persons and corporations had been found guilty of trading with the enemy. I wish to know who those persons and corporations were and what the penalties were. I also wish to know what happened to the patent rights of enemy aliens. I am certain that a great many of the patent rights in Canada were held by enemy aliens. How were they disposed of? Also, how were the shares incorporated situated in Canada disposed of?

Mr. GIBSON (Hamilton West): Persons who were nationals to countries which were occupied by the enemy were referred to as persons from proscribed territories. A proscribed territory under the regulations was:

Any area in respect of which the governor in council, by reason of real or apprehended hostilities or otherwise, has ordered the protective custody of property of persons residing in that area or the regulating of trade with such persons.

Consequently, where an allied country or a friendly country was occupied by the enemy, in order to direct the assets of those persons, control of the assets in this country was taken over by the custodian. As the agreements are being reached with the various countries concerned by the Department of External Affairs, the assets of those from friendly or proscribed territories, as they were called, are being released.

Mr. JAENICKE: This was a Canadian to whom I referred.

Mr. GIBSON (Hamilton West): If the Canadian was in Norway or one of those countries that was overrun by the enemy, we had to take over control of his assets here.

Mr. JAENICKE: I realize that.

Mr. GIBSON (Hamilton West): Otherwise the enemy might have made it awkward for him if he did not bring them over to that country.

Mr. JAENICKE: But that has all been changed?

Mr. GIBSON (Hamilton West): It is now in the course of being changed. In regard to France, I think the agreement has already been reached; and with respect to other countries, the Department of External Affairs is negotiating with each country as to the release of assets that were taken over by the custodian.

Mr. JAENICKE: May I interrupt the minister to say that this man to whom I refer is a Canadian. What has the Norwegian government to do with the property?

Mr. COLDWELL: Is the property in Canada?

Mr. JAENICKE: Yes.

Mr. GIBSON (Hamilton West): I cannot give the hon. member any information as to the individual. I can find out for my hon. friend and let him know whether that property has been released at the present time or not. I think he was in error when he said that I stated that persons had been found guilty of trading with the enemy. I said that cases had been discovered of enemy assets which had been camouflaged or concealed, with the result that, as they were discovered, we have taken over and assumed control and ownership of those properties. I do not know whether actions have been taken against anyone, but I can get that information. If anyone had not complied with the provisions of the act and notified the custodian of any property he had which contained an enemy interest, he was guilty of an offence and liable to prosecution. Any enemy-owned patents in this country were taken over by the custodian and came under his control, so that the custodian has control of all enemy-owned patents in this country.

Mr. COLDWELL: Does the custodian still control those patents, or have they been handed over to some other form of organization?

Mr. GIBSON (Hamilton West): No, the custodian still controls them. I could not say

whether in some cases he gave licences to Canadians to use and operate them during the war, but it would be within his power to do so.

Mr. JAENICKE: I asked another question which the Secretary of State has not yet answered. It was with respect to shares in corporations in Canada that were taken over by the custodian. Have they been sold?

Mr. GIBSON (Hamilton West): No. Any shares are still held.

Mr. JAENICKE: What will be the final disposition of them?

Mr. GIBSON (Hamilton West): They will be held until they can be either returned or converted. If they belong to an enemy and are being retained here, they would just be converted or disposed of, I suppose, and the proceeds put into the fund that will be available for distribution.

Mr. JACKMAN: I should like to make an observation in regard to the handling of the losses arising out of the Ukrainian farmers' temple. It would seem to me that, inasmuch as the total amount which will be available to compensate Canadian nationals for reparations or for losses occasioned by the enemy will result in a deficiency as stated by the minister if all claims are allowed, and that the total amount which would otherwise have been available is lessened by the losses arising through the Ukrainian farmers' temple matter which was a question of high policy on the part of the government, the losses should be borne by the people of Canada as a whole and not by those who may have just and admitted claims against enemy property which is available for reparations.

Mr. GIBSON (Hamilton West): I think my hon. friend was mistaken there in what I said. Those losses were provided for out of the percentage the custodian is allowed to collect for the handling of property. It does not come out of the assets held available for distribution amongst claimants after the war. The capital that came into the hands of the custodian would not be utilized for that purpose at all. It would be just out of the earnings that the custodian makes.

Mr. COLDWELL: If earnings go into the hands of the custodian, is that not the property of the people of Canada; and, therefore, should not any expenditures that are made be made by and with the consent of the representatives of the people of Canada, this parliament, and not be entirely at the disposition of the custodian of enemy property? That is the point I think the hon. member for Muskoka-Ontario had in mind when he

[Mr. Gibson (Hamilton West).]

asked his question a few moments ago. It seemed an opportune moment to ask the question now, if he does not mind my doing so.

Mr. GIBSON (Hamilton West): As a matter of fact, I agree with the hon. member entirely on that. I was quite surprised to find that these funds which the custodian gets are proceeds of his office, and that he does not get a grant from the government. He operates on a percentage. He is running a private business of his own.

Mr. COLDWELL: That is not quite true.

Mr. GIBSON (Hamilton West): In other words, he charges commission and pays his own expenses. Eventually, of course, when the office of custodian is wound up, any balance that is left over will, I assume, go to the Receiver General of Canada. But this is the way in which it was set up originally in 1920. The custodian's office has always continued on that basis of being self-supporting, and any surplus that it had carrying over from year to year.

Mr. COLDWELL: Is the custodian's salary paid out of that fund too?

Mr. GIBSON (Hamilton West): Yes.

Mr. GRAYDON: I thought the custodian was the Secretary of State.

Mr. COLDWELL: Does the minister mean himself?

Mr. GIBSON (Hamilton West): No, I shall take that back. It is the deputy custodian.

Mr. MACDONNELL (Muskoka-Ontario): I am interested to hear what the minister has just said. Unless my arithmetic is wrong, there is a large amount of money involved here. If my figures are correct, two per cent of \$2 billion is \$20 million. That looks like a large amount of money.

Mr. GIBSON (Hamilton West): That is the limit, of course. It is not always charged.

Mr. MACDONNELL (Muskoka-Ontario): Like other people, they probably take it all.

Mr. GIBSON (Hamilton West): Like trust companies.

Mr. MACDONNELL (Muskoka-Ontario): This will go on for a long time. In view of the interesting observation the minister has made, it seems to me that I must agree with the hon. member for Rosetown-Biggar. I suggest that for the future we should not continue on that basis any longer.

Mr. STEWART (Winnipeg North): What will be the disposition of these enemy patents

which are held by the custodian? Will he re-sell them to some private corporation, for its own benefit, or will he license other companies to use the patents?

Mr. GIBSON (Hamilton West): I understand that there was a treaty by which all these enemy patents were thrown open to the public, and that the matter is now receiving the consideration of an international conference.

Mr. STEWART (Winnipeg North): Do I understand that anyone may approach the custodian and obtain a licence to use a patent?

Mr. GIBSON (Hamilton West): I would not say that he could now. But I understand that during the war that was possible.

Mr. STEWART (Winnipeg North): What is the situation today?

Mr. GIBSON (Hamilton West): The matter is under consideration by an international convention which is considering what steps will be taken to deal finally with these enemy patents.

Mr. COLDWELL: What about royalties payable in such cases as the one I mentioned earlier, the I. G. Farbenindustrie and the Bayer Company of Canada? Are the payments held in trust? And, what about the royalties paid on the Bren gun between March and September, 1939, when Hitler had control of the Skoda Works?

Mr. GIBSON (Hamilton West): Any royalties payable to a foreign organization by a Canadian company or Canadian organization would be taken over by the custodian. They would have to be paid to the custodian if they were payable to an enemy alien.

Mr. MacNICOL: I should like to ask a question with respect to securities of Canadians in enemy countries. I had in mind particularly the Petsamo nickel mines which at one time belonged to International Nickel Company, and were located in Finland, now under the control of Russia. Will there be any procedure available to make possible compensating our nationals for losses sustained in other countries from resources in enemy properties in this country?

Mr. GIBSON (Hamilton West): I cannot say what will happen to Canadian property in an enemy country. The custodian looks after enemy property in Canada. But I am sure that Canadians who had losses in enemy countries will file their claims, and that some method will be provided by which they may recover some of the losses they sustained.

Mr. COLDWELL: Even if such persons were glad that the properties were safe and being operated by the enemy during the war? Would the custodian compensate people like that on losses which occurred? I am thinking of the president of the Falconbridge Nickel Company who expressed pleasure that the plants were in good shape, and were being operated for the enemy. Will people like that receive compensation? If so, why?

Mr. GIBSON (Hamilton West): I am not in a position to discuss that. I do not know offhand the ramifications of those cases. I do not know how losses in those cases will be proved. The custodian's money is being held for distribution among Canadians who have proved their claims.

Mr. BLACK (Cumberland): In the event of enemy property, or what was supposed to have been enemy property, being held by the custodian under a misapprehension, resulting in the return of the property to the owner, and a commission having been charged, is such commission repayable to the owner, or will that commission be held, even though the property was sold under a misapprehension?

Mr. GIBSON (Hamilton West): If there is a case of that kind I should like to have it brought to my attention. I doubt very much whether the custodian would charge a commission on something taken in error. If there were such a case I should like to know about it.

Mr. JACKMAN: The last line in the resolution refers to compensation respecting property in enemy territory. Would this cover property in proscribed territory owned by a Canadian, which property has been damaged? Would it not be worth while to consider enlarging the terms of the resolution to include cases such as that? Let us say that a Canadian manufacturer has a plant in France or in some other country which is proscribed, and such plant is damaged by the enemy; how are the treaties affecting those plants to be implemented, if this resolution is not broadened?

Mr. GIBSON (Hamilton West): This resolution deals with the disposition of enemy property, or compensation respecting property in enemy territory.

Mr. JACKMAN: But it is not enemy territory. I am referring to proscribed territory, damaged by the enemy. I believe treaties have already been made with these proscribed countries, dealing with properties held by their nationals. I am wondering how the minister is going to handle the case of a

Canadian who has property in a proscribed country, and whose property was damaged, if this resolution is not enlarged?

Mr. GIBSON (Hamilton West): I do not think that is a matter which should be included in this resolution. That refers really to the provisions of the peace treaty, which will be dealt with by the Secretary of State for External Affairs.

Mr. JACKMAN: These are treaties, too.

Mr. GIBSON (Hamilton West): The peace treaty, which deals with the disposal of enemy property, will deal with compensation to be given to Canadians. The Canadian government is given power by order in council to amend the act to conform to the peace treaties. I do not believe we need to extend or amend the resolution to cover the assets of Canadians in proscribed territories. I believe it is strong enough the way it is.

Mr. JAENICKE: I do not wish to refer to the International Nickel Company, but I shall speak about a hypothetical Canadian company in which a large number of shares are held by people who are not Canadians. Would they receive the benefit of compensation, if their property in enemy-held territory were damaged?

Mr. GIBSON (Hamilton West): The shareholders would not receive compensation directly. Any compensation payable would be paid to the company and the shareholders would recover indirectly in that way.

Mr. HERRIDGE: I shall not take the time of the committee to express my views fully, except to say that I heartily support the attitude taken by the hon. member for Rosetown-Biggart and other hon. members who have objected to the procedure in connection with the handling of alien enemy property. To say the least, it is highly irregular, and the gentleman in question has power which, under the circumstances, should not be given him.

The hon. member for Rosetown-Biggart made reference to the well known Falconbridge Nickel Company case, and we all recall the cable sent by the German commander in Norway to the president of that company during the war. That is only one of the items of cooperation of which we have evidence. That alone is enough to prove that the names of holders of enemy properties should be revealed to the house. The house should have an opportunity to debate in full the disposal of those properties, and the methods used in the handling of them. We asked men to leave their country and defend it with their lives, but now we in this house are too

[Mr. Jackman.]

squeamish to mention the names of enemy aliens who own property. I object to that and I submit this house should be given the names of these people or companies and an opportunity to discuss thoroughly the whole question of the property held by the custodian and its disposal.

Mr. KNOWLES: Should not any patents that are in the possession of the custodian after the treaties are signed be made the subject of legislation in this house? I am referring back to the question asked by my colleague, the hon. member for Winnipeg North, as to whether they would be sold by the custodian or licensed by the government. I am expressing the hope that anything of that kind will be the subject of legislation to be brought before this house rather than to have action taken in advance by the custodian on his own initiative.

Resolution reported, read the second time and concurred in. Mr. Gibson (Hamilton West) thereupon moved for leave to introduce Bill No. 22, to provide for the continuance of the revised regulations respecting trading with the enemy.

Motion agreed to and bill read the first time.

PATENT ACT

PROVISIONS FOR EXTENSIONS OF TIME—SECRECY—ADJUSTMENT OF TARIFF FEES

Hon. COLIN GIBSON (Secretary of State) moved the second reading of Bill No. 16, to amend the Patent Act.

Mr. GORDON GRAYDON (Peel): At some stage, and I fancy this is the proper stage, I would expect that the minister would want to avail himself of the opportunity to make a rather lengthy explanation of the purposes and provisions of the amendments to the Patent Act.

Mr. GIBSON (Hamilton West): Mr. Speaker, in moving this bill for second reading I would say, as I stated when the resolution was before the house, that the main purposes are to provide for the extension of time, limited under the Patent Act, where circumstances arising out of the war prevented compliance with the provisions of the act. Besides the provisions for the extension of time, provision is being made to provide for secrecy in connection with patents dealing with war materials and war weapons when they are taken over by the Minister of National Defence. Provision also is made for secrecy in connection with matters relating to atomic energy. There is to be an upward adjustment in the scale of fees in order to provide suffi-

cient revenue for the printing of the patents. I should like to deal briefly with the various sections.

Section 9 of the bill provides for an extension of time to six months after the date of the passing of this legislation where a time limit is imposed under the Patent Act. This privilege will be extended to Canadian citizens, British subjects and subjects of other countries where reciprocal privileges are granted to the citizens of Canada. During the war many circumstances arose which prevented inventors from complying with the various provisions of the Patent Act. Some of these inventors were on active service while others were living in foreign countries where perhaps they were unable to send their filing fees or where, because of regulations, they were prevented from applying for a patent in Canada. If such a person is a Canadian citizen or a citizen of a foreign country where reciprocal privileges are granted to Canadians he may file his application or pay such fees as may be required within six months after the passing of this measure.

In the United States they have the Boikin act which grants an extension of time to August 8, 1947. It is important that this legislation be passed at an early day so that those in Canada who wish to take advantage of the Boikin act may do so before August 8, 1947. Other countries have similar acts and I might mention that section 9 is similar to a section that was passed after the first great war.

A new section 19A is to deal with secrecy in connection with patents having to do with instruments or munitions of war when an assignment has been made to the Minister of National Defence. If he certifies that it is in the public interest that a patent be kept secret the commissioner of patents is required to deal with it only on the instructions of the Minister of National Defence. This section follows closely a similar section in the patent act of Great Britain.

A new section 19B will deal with patent applications relating to the use of atomic energy. Any such application must be referred to the atomic energy control board which, as hon. members will remember, was set up during the last session of the house. Under this section such patents must be dealt with on the instructions of that board.

There are other minor amendments. There is one which the commissioner may not consider minor because it refers to the salary of the commissioner. Under the original act the commissioner's salary was set at a sum not to exceed \$7,000, but the Gordon report recommended that the commissioner should receive \$8,000. The bill provides that the

commissioner shall hold office during pleasure and shall be paid such annual salary as may be determined by the governor in council. When we go into committee I am going to move that the section be amended by adding after the word "salary" the words "not exceeding \$8,000". We shall then have in the bill an amount similar to that recommended in the Gordon report and it will have to be voted upon by the house each year.

Another part of the bill deals with the tariff of fees. Canada has the lowest tariff of fees of any country in the world. I should like to give hon. members comparative figures for the different countries. To obtain a patent in Great Britain for a period of sixteen years costs £132, which is roughly \$530. To secure a patent in France for eighteen years costs in the neighbourhood of \$189; to secure a patent in the United States for seventeen years costs \$60, and to secure a patent in Canada for eighteen years costs \$35. We are proposing, under the amendment, to increase the tariff so that we can secure sufficient revenue to enable us to print the patents. Canada is one of the few countries that does not print patents. They are not available to the public, and the result is that if anybody wants to get details of a Canadian patent he has to come to Ottawa and make drawings in the patent office. With the additional revenue we expect to secure from an increased tariff, it is intended to print seventy-five copies of each patent and make them available to the public at a low price. That has been recommended by the patent institute and it is expected that this increase will be beneficial. Even with the increase which is proposed to be put into effect, Canada's patent fees will still be about the lowest in the world.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, with all due respect for the minister's explanation, I must submit that we are of the opinion that this goes a good deal farther than what the minister has just explained to us. If it does not, it ought to. The fees are the lowest, yes, and the efficiency is the lowest, yes. The minister, when he has been a little longer in the seat he is at present occupying, will learn that this whole patent organization is in a tangle which might well be called almost hopeless.

I shall not go into details on this motion for second reading of the bill, with which I agree, but shall confine myself to discussing the broad principle. The bill as at present designed is smothered with defence of Canada, with atomic energy, with regulations which have to do with the war just over; and the bill leaves out almost entirely one important feature, namely, the necessity for

unravelling the tangle which, as perhaps all hon. members know, we find obtains in the patent office.

I would refer to sections 10 and 16 of the bill. Section 16 has to do with the purging of the files, with the purging of the records, which is of the utmost importance now that the war is over and this country has the attention of the entire world focused upon it as the land of opportunity where patents of one kind and another which have been developed in other parts of the world are applied to the God-given resources with which Providence has blessed this country and which people from other parts of the world in turn are anxious to come to Canada and develop. But they find themselves hampered. It is only with the greatest difficulty they are able to find out where perhaps their patent from some other land stands on the records in Canada.

I hope that, before this motion carries, the minister will assure the house that that feature which I have tried in a few words to describe will be given consideration in connection with this bill.

Mr. GIBSON (Hamilton West): May I ask which section 16 my hon. friend was referring to?

Mr. HARRIS (Danforth): Section 16 of this bill, which has to do with the purging of lapsed patents and what-not, after order by the exchequer court. The explanatory note says:

The purpose of this new section is to afford facility for purging the register of patents in proper cases by order of the Exchequer Court of Canada.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, in speaking on the second reading of this bill, I find myself following a similar road to that followed so briefly and effectively by my hon. colleague the member for Danforth in criticism of these proposed amendments of the Patent Act. The present patent situation in Canada can be attributed to a failure of administration of the act rather than to the sections and language of past legislation dealing with patents. But that must not be taken as meaning that there is no need for revision of the act, because there is. I desire to say to the minister that if there ever was a department of government which needs a thorough public airing in the interests of better administration it is the patent office of Canada. In saying that, I want it to be distinctly understood that I am not directing my fire of attack upon the individuals who are trying to run the patent

[Mr. Harris (Danforth).]

office as best they can but rather upon the government which for years has failed miserably and utterly, if I may say so, to foresee the position in which the patent office now finds itself in the handling of its general work of dealing with patent applications.

In 1935 there was a wholesale revision of the Patent Act. That was accomplished by having the bill sent to a standing committee of the other place. I am told that the revision at that time was most comprehensive and a most valuable one from the point of view of industry and patent applicants generally. The bill which emerged from the banking and commerce committee of the other place at that time, and which was subsequently approved unanimously by this house, was an excellent piece of legislation at that particular stage of our national development.

I wish to make two suggestions to the minister. I should like him to give consideration to having another wholesale revision of the patent situation in the dominion, not only a review of patent legislation but a review of administration as well, because the two go hand in hand and one cannot succeed without the other.

I am hopeful that the minister will not ask the committee of the whole house to deal with the details of this bill but that, after second reading, it will be sent to either the banking committee of this house or the banking and commerce committee of the other chamber, whichever seems advisable at the time, so that witnesses may be called and the real story unfolded as to the position in which patent applicants now find themselves in Canada, to the end that proper remedies may be applied before it is too late.

I mentioned the senate committee because it is one good example of the manner in which legislative work is distributed. A week or so ago the senate adjourned for three weeks because they said there was nothing on the agenda for them to attend to. I therefore make this strong plea with great earnestness of conviction because I do not think the public or parliament has any conception of the position in which patent applicants find themselves in Canada.

Nothing is gained by loading the blame upon the commissioner or upon the hard-worked people in the patent division who, I suppose, are working as hard as human beings can work under a system which they have inherited over the years and which, because of a lack of government foresight and judgment earlier, has landed them in a position where they are not able to handle, nor are there facilities there to handle the patent

work of Canada. That is a pretty strong statement to make, but this government has not now the facilities to handle the patent work of the Dominion of Canada. Let us see what that means. It is not a question of trying to provide facilities for patent attorneys; it is not a question of trying to find more facilities for lawyers throughout the country to make searches on patents and so on. It means that the patent office has become congested so that applications cannot be dealt with as they ought. We are not just hampering the applicants; we are hampering industry in Canada at a time when industry ought to be encouraged instead of hindered. That is the point that I desire to make.

In the memorial which the minister referred to a few minutes ago, and which was published by the patent institute in its report of the proceedings of the nineteenth annual meeting which was held in Ottawa in 1945, reference is made to this subject. The memorial was framed by those who frequent the patent office and whose knowledge is much greater than mine. Outside of the lay approach to the subject, I deal with patent matters with some diffidence; but one does not have to be a patent attorney or an expert to see just how far the patent office has bogged down in its effort to try to keep abreast of what is necessary in our industrial life.

Let me read one of the suggestions which was made. I do not wish to detain the house too long on this subject, but I believe it is important because it comes from the pen of experts who know something about patent law and patent administration. This is what the memorial says:

Every patent office has two administrative functions of substantially equal importance. The first is to see that patents issue promptly to the persons to whom the legislature has authorized them to be granted. The second is to act as a public library of information on the subject of extensions of the field of practical knowledge.

This is what men who know have to say further on in the memorial:

Neither of these administrative functions has ever been properly performed by the Canadian patent office.

That should prove as a startling surprise and somewhat of a shock to hon. members who have not the opportunity of dealing day by day with the work of the patent office. At least we should be guided by men who have had experience from time to time in its operation. I could go all through this memorial but it would take far too much time. Another suggestion is as follows:

The arrangements for making an examination in the office of the state of the art as disclosed even in Canadian patents are of the most primitive character.

The report goes on to say:

There is a further defect in the system of examination which is gravely detrimental to the public. This is the length of time which elapses between the receipt of application and the issue of patents based upon such of them as are allowed. This is sometimes very long. It was, for example, twelve years in the case of one patent, No. 314,696, issued in August, 1931.

Before I go on to another point, I wish to give the house some idea of how far the patent office is really behind. I am told on reliable authority that up to 1945—and the situation is apparently no better but is gradually growing worse—the situation was as follows. This was the standing of patent applications in June, 1938, a year prior to the outbreak of the war. Let us get this quite clear in our minds because, after all, perhaps a layman can explain a thing more clearly to other laymen than experts can, and I am in that category.

Mr. GIBSON (Hamilton West): In which category is the hon. member?

Mr. GRAYDON: Here is the situation: the date between the application for the patent and the actual issuance of the patent was as follows: in 1.6, or 1½ per cent of the patent applications less than six months. In about one and a half per cent of the applications it took less than six months; in 12.81 per cent of the applications it took six months to a year; in 49 per cent of the applications it took between one and two years; in 26.84 per cent it took between two years and three years; in 6.36 per cent it took between three and four years; in 2.58 per cent of the applications it took between four and five years, and there were 1.58 per cent of the applications which took five years.

Mr. STIRLING: And the remainder not at all.

Mr. GRAYDON: We now come to the year 1945 which is the most recent record that the patent institute has so far compiled. In June, 1945, this was the record: there were only .76 or less than one per cent which had been issued less than six months after application; between six months and a year after application, 12.54 per cent; between a year and two years, 34.98 per cent; between two and three years, 28.70 per cent; between three and four years, 11.91 per cent; between four and five years, 6.46 per cent, and over five years, 5.51 per cent, which is five times as much as it was in 1938.

I point these things out to the house with the idea of trying to impress upon parliament and upon the public the fact that, if ever there was a condition which the government ought to take hold of with both hands and

do something about, it is the condition in the patent office. Not enough is heard in parliament about the patent office. Every year we see the item in the estimates; but I imagine that, so far as the patent office in Canada is concerned, unless hon. members happen to have dealings with the patent office, few of them ever take the trouble to find out what is going on. But industry knows what is going on and is not satisfied at all with the present set-up.

The memorial goes on to say:

Delays of the kind described constitute a very serious handicap on the general public. Until patents issue workers in the art have no access to the proposals made and, what is even more serious, anyone who is proposing to undertake the production or distribution of a given article is unable to ascertain by search whether his venture may not be interfered with at some time in the future by the issue of a patent on a specification which is still under consideration and therefore secret.

I should like to have given some more of the criticisms which the experts have made of the administration of the patent office, but I wish to move on so that I may finish before the dinner recess. When last year in the house I asked certain questions of the then Secretary of State he was good enough to give me a rather complete answer to a question with regard to what the government had done to institute any or all of the reforms outlined in the memorial, parts of which I have just read and which are contained in the report of the patent institute for 1945. The answers were all largely concerned with the future. There was a hope for office accommodation, but I understand that it is still a hope deferred. There are hon. members here who have had actual experience in the patent office and who can depict much better than I can the conditions that exist there, but they will corroborate everything that I say when I declare that the conditions under which the staff in the patent office are obliged to work are so cramped and congested that the work cannot, speaking in a physical sense, be done properly.

In the answer given there was a suggestion which I would bring to the attention of the house. The answer was that there was then before the civil service commission a request for additional patent examiners and the civil service commission had advised that advertisements for these positions would be published "within the next few weeks".

My information, which is strictly informal but, I believe, accurate, is that there were eight or nine applications for the job and only three were accepted. That leaves the position once more quite delicate. Some of the men in the patent office are naturally

[Mr. Graydon.]

reaching the age where superannuation will overtake them. What is to happen unless men are trained to take their places? I suggest that it needs only a lay mind to appreciate that nothing but chaos can result as time goes on.

I wish to impress upon the minister that there does not seem to have been any excuse for allowing this patent situation to become the fiasco it has in our legislative evolution in Canada, when the whole question is thrown on the doorstep of parliament and we are told, "It is too bad, but we have not the people to man the office; we have not satisfactory quarters for the office to operate in and we are terribly behind with our applications".

That is not good enough. The government must take responsibility in the matter, and all through these years that responsibility has lain heavily upon them.

Mr. GIBSON (Hamilton West): There was a war, you know.

Mr. GRAYDON: Yes, but the government has always prided itself on keeping its eye on the reconstruction period that would come after the war, even if it kept its eye primarily on the war itself. It seems to me, however, that the government's eye has not been at all on this particular question. Here is one of the most vital parts of our economy needing to be put into proper shape and the government has not kept an eye to that.

I do not think it is altogether proper to blame the war, because even before the war the situation in the patent office was, as the minister knows, not what it should have been. I have here the report of the commissioner of patents, which has just come to hand. It deals with the fiscal year ended March 31, 1946, and the situation as set out in the report can go with what I have already read from the patent institute memorial.

In the year ended March 31 last, applications for patents reaching the Canadian patent office totaled 14,778 and patents issued were just a little more than half of the number of applications received in that period. But let us not be deluded. The 7,400 patents issued were not necessarily a part of the 14,778 applications reported but were rather in very large part an accumulation from year to year of patents which were finally issued in the year ended March 31, 1946. That aspect of the report constitutes, in my opinion, one of the strongest arguments that can be advanced in this matter.

Hon. members generally are no doubt more appreciative of the situation and they will understand better what is involved if I com-

pare this with ordinary transactions in real estate. After all, a patent is a title to property, just as a title deed is to real estate. It is a different kind of property but it is property just the same. What happens when you have a real estate transaction? What a howl would go up to high heaven if you could not get a transaction registered in any registry division in Canada in less than three years and you did not know in the meantime whether your title was good or not! When hon. members compare the present situation with that supposition in regard to real estate they will see how shocking matters are at the moment. They will see how evident the difficulties are with which the personnel have to cope.

I wish to close my remarks by pointing out something in connection with the amendments themselves. Perhaps a better time to deal with some of these matters will come when, as I sincerely hope, this subject is referred to a standing committee of the house rather than to the committee of the whole. When that time comes I shall have something to say, but perhaps in a preliminary way I can say it now.

We have heard a good deal about order-in-council government in Canada and people are sometimes too prone to speak lightly about governments legislating outside parliament. But surely the Secretary of State cannot have read this thing over and condoned what in the amendment is called secret patents, which forms the amendment 19A. I refer the house to subsection 13 at the bottom of page 3 of this bill. This subsection gives us hardly the skeleton of the structure; it is just a few stones by way of foundation. Let us see what the subsection says:

(13) The governor in council may make rules under this section for the purpose of ensuring secrecy with respect to patents to which this section applies, and—

Listen to this, Mr. Speaker. You have listened to many orders in council, but it will do you no harm to listen to another one.

—such rules may modify any of the provisions of this section in their application to such patents as aforesaid so far as may appear necessary for the purpose aforesaid.

That is, the cabinet may modify any of the provisions of the section that parliament is now passing. In no other legislation, so far as I know, has the government gone quite that far, providing in the legislation itself that the cabinet may amend the peace-time legislation that parliament has passed. From time to time there have been wide powers given by orders in council with respect to regulations; but if there ever was a time when this parliament must call a halt to this type of legislation, it is now. Surely the minister will have to reconsider that particular section,

because I am not ready to sit here—and neither are other hon. members, I fancy—and pass legislation which contains, right in the legislation itself, provision that another body may amend it while we are not here at all. That is the simple position faced by the House of Commons on this occasion with respect to subsection 13. I want to resist, protest and raise my voice against that kind of legislation coming before the house. It is simply laying a foundation. We are asked to be there when the cornerstone is laid, but the government alone is to be there when the building is erected. That is not quite good enough for parliament. As a matter of fact, it is an insult to parliamentary institutions for the government to put in a bill a provision giving them the right, and to ask us to give them that right, to amend the legislation that we are now passing.

Mr. GIBSON (Hamilton West): It does not say "amend"; just "modify".

Mr. GRAYDON: The minister says "modify". Let me read it again.

Mr. GIBSON (Hamilton West): They cannot extend.

Mr. GRAYDON: "Modify" to me means "amend".

Mr. GIBSON (Hamilton West): It does not mean "extend".

Mr. GRAYDON: Well, we have had ministerial assurances all during the war with regard to the great interpretations of the statute. But actually the interpretation of the statute does not rest with the Secretary of State. It rests with the law courts of Canada, if the people can ever get to the law courts under this kind of legislation the government is bringing in.

In my concluding remarks, I wish to ask the minister once again, for the third time this afternoon, to bring this whole question of the patent law and patent administration before a committee of this house or the senate, and to see that the patent law and patent administration are brought abreast of the times so that industry will not be impeded any longer by congestion in a government office.

Hon. PAUL MARTIN (Minister of National Health and Welfare): Mr. Speaker, we have just listened to a speech by the hon. member for Peel (Mr. Graydon), which in part commends itself, I am sure, to our better judgment. But when we come to analyse the speech, it is so full of contradictions, that one finds it difficult to know where to begin. What my hon. friend who has just spoken should

realize is that he represents a party which, quite properly, along with other members of this house, including members of the government, are anxious to see that there will be as great as possible a curtailment in the expenditures of government. But my hon. friend and those sitting with him cannot have their cake and eat it. In one breath they say that this government is an extravagant government; and in the next breath the same group ask the government to spend more and more of the people's money.

Mr. GRAYDON: My hon. friend knows that is not right. He needs to read this patent legislation.

Mr. MARTIN: That is the first thing I want to say. I think the house should carefully note that constant and everlasting inconsistency for which the Tory party is so well known.

Mr. GRAYDON: Who is making a political speech now?

Mr. MARTIN: I would ask my hon. friends to consider the problem in all its aspects.

Mr. HARRIS (Danforth): Is the minister speaking as a statesman or a politician?

Mr. MARTIN: To deal with the problem generally, as the hon. member knows, in this house between 1930 and 1935 members of this party, including the Minister of Veterans Affairs (Mr. Mackenzie) and the then hon. member for Quebec West (Mr. Power) day after day pressed the then Secretary of State for improvement in the patent division. What were they told time and time again? The speech which my hon. friend has made today is the kind of speech which was so eloquently made by the Minister of Veterans Affairs between 1930 and 1935.

Mr. GRAYDON: You are too complimentary.

Mr. MARTIN: It is the same argument.

Some hon. MEMBERS: Oh, oh.

Mr. MARTIN: It is the very same argument, with this one qualification, that the speeches delivered by the Minister of Veterans Affairs were not so apparent in their inconsistencies.

What is the fact with regard to the situation? The record of the patent office in this country will stand up beside that of any patent division.

Mr. HARRIS (Danforth): I rise to a point of order. I submit that the hon. member is not discussing the merits of the bill.

[Mr. Martin.]

Mr. MARTIN: I admit that I was not speaking about the merits of the bill. I was speaking about the demerits of the speech made by the hon. member for Peel (Mr. Graydon).

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. MARTIN: Mr. Speaker, before the six o'clock recess, I was exchanging a few delightful pleasantries with the hon. member for Peel. I can only conclude, from the reaction which was visibly displayed upon his benign countenance, that he fully concurred in the constructive criticism I leveled at his remarks.

The important thing to remember in trying to assess the value or merits of what the hon. member said is to realize that the situation he described with respect to the many thousands of outstanding applications is one not peculiar to this country alone. I have only to remind him of the number of outstanding applications in the patent division which prevailed in this country between 1930 and 1935. If there is merit in his criticism of the present administration, then I am sure he will be generous enough to recognize that there is equally sufficient justification for saying that the party of which he is so distinguished a member is deserving of the same kind of criticism.

What are the facts? The facts are that in every patent office in the world there are always many hundreds of outstanding applications. This is due to a number of circumstances. It may be due to a want of staff, as is the case in Canada; or it may be due to the fact that, with respect to applications before the patent commissioner, solicitors engage, and properly so, in delaying tactics in the interests of their clients.

I do not say that this accounts fully for the delays in dealing with applications, but it is an extenuating circumstance which no doubt the hon. member forgot to mention. Unfortunately the war intervened between the time mentioned by the hon. member and the present. That war took from the patent division a number of most competent examiners, and placed them in other essential services of the government, or in the armed services. The result was that the commissioner—one of the best, I suggest, one could find—found himself in a position of having an abbreviated staff unable to cope with the many applications coming in.

It is not anyone who can act as an examiner in the patent division. One must have a certain amount of training and of technical background if he is to do the job properly. That difficulty is best evidenced by the fact that, since last session, in an effort to improve not only the quality but the efficiency of the staff in the patent division, some twenty-two individuals applied for newly created posts, and as a result of a request made by the commissioner of patents to the civil service commission. Of the twenty-two who applied, I understand that seven were found suitable, and that thus far only two have found it possible to report for duty. I understand that the others will report as soon as they have made personal arrangements.

Mr. HARRIS (Danforth): Mr. Speaker, I rise to a point of order, in renewal of the one I was privileged to make before the recess. Your honour, in expediting the business of the house at the six o'clock recess, did not give a ruling on the point of order I raised. The point is as to whether the discussion, which is now being continued in the same vein, is one directed to the merits of the bill as it now stands. No doubt during the recess Your Honour had an opportunity to consider the point of order, and I should like to have your ruling. Having received it, I shall abide by it.

Mr. MARTIN: With great respect to my hon. friend, may I say I was simply replying to a speech on the same point by the hon. member for Peel, which lasted for about three quarters of an hour.

Mr. SPEAKER: I should call the attention of the minister who has the floor to the fact that on second reading he should confine his remarks to the merits of the bill. I confess I may have been too generous with the hon. member for Peel, but I would ask the minister to discuss only the merits of the bill. When we reach committee stage hon. members will have greater latitude in debate.

Mr. MARTIN: With great respect, Mr. Speaker, I would say that we are now discussing amendments to the Patent Act, and Your Honour will have noticed that it has been to those amendments that my observations have been addressed. Only by indirect application do they apply to the hon. member for Peel.

As I pointed out, one of the great difficulties during the war was to find sufficient staff to take care of the work of those who, for one reason or another, had been drawn into other services of the government, or into the armed forces.

Existing outstanding applications, which are pertinent not only to Canada but to the United States and Great Britain, in each of which there are many outstanding applications, will be gradually taken care of by the increase in staff which the Secretary of State (Mr. Gibson) has asked the commission to provide. Since the matter was discussed in the house last session, hon. members may recall that the Patent Institute of Canada last fall commended the government for the steps which had been taken since last session to try to streamline the operations and administration of the patent division. Those commendations were appropriate, I suggest, because the government had taken such steps. First of all, it had taken action to increase the staff so as to take care of the outstanding applications. Second, after his visit to the patent office in the United States, the commissioner of patents had returned to Canada and made a report to the then Secretary of State. As a result, steps are being taken by the Minister of Public Works (Mr. Fournier) to provide the patent office with more adequate accommodation, not only to deal with the outstanding applications, but to store the thousands of important settled cases which have been brought to finality over a period of years.

Integrated with this whole problem, as the hon. member for Peel knows, is the necessity of having sufficient space in which to store old documents which have not only tremendous value to the Canadian economy, but contain within themselves a wealth of information which, unless carefully stored, might easily be lost. It is necessary also to have additional space to provide better examining facilities. This is now being pursued. Library facilities are being made available as quickly as possible to take care of the additional demands brought about by the stream-lining efforts of the Secretary of State and the commissioner of patents.

Another great reform which has direct relation to this bill is the determination, at the instance, not only of patent attorneys, but of the public generally, of having at their disposal for examination printed material in part along the same lines that they have in the United States.

Those are important steps. It is all very well for the hon. member to make the kind of speech he did today, but his criticism is faulty in the light of the preparations that have been made for a major improvement in the operations of the patent division. No one knows that better than the hon. member for Peel.

Mr. GRAYDON: Do not be so modest.

Mr. MARTIN: The hon. member says, "Do not be so modest." I am not taking any credit where credit is not due. I want to give the credit where the credit is due, to the commissioner of patents. I have it on the authority of his corresponding number in the United States and on information from his corresponding number in the United Kingdom, that there are few men in the world, certainly in the western world where our patent system prevails, who are better qualified than the present commissioner of patents.

I think it is only fair to pay that tribute to a great public servant under whose direction, in the face of great difficulties for which no one particularly is responsible, such progress has been made. I wish to pay him the tribute which he deserves. I can only suggest to the hon. gentleman that the speech he made today could easily have been made, as he did make it in almost exactly the same terms, last session. In the light of what has happened since, his speech today simply does not hold water.

Mr. GRAYDON: I did not happen to make a speech last session.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, I think the house is pretty well agreed that the patent office and the Patent Act needed some overhauling. I shall not try to get into the private debate which apparently has been going on between the two parties to my right since 1930 because it might be copyrighted. I shall try to speak of something a little different. There is an implication in connection with patents which is much wider and deeper than the discussion we have heard so far has indicated. I refer to the possible formation of monopolies and cartels.

It is a well known fact that patents have been used as an instrument by monopolies and cartels to build economic empires, both national and international. That being so, this becomes a matter for parliament to look into to see what effective steps can be taken to prevent the formation of monopolies and cartels which use the iron curtain of patents and copyrights to go on with their work.

Hon. members who have made any study at all of monopolies will, I think, agree with me when I say that the methods used have given a great deal of concern, not only to the Canadian government, but to governments all over the world. I might pause for a minute to point out some of the means by which they operate. The owner of a patent may, by licensing, decide where the product which he has patented may be produced, where it may be sold, with whom different people may deal

[Mr. Graydon.]

and what prices may be charged. Not only that, but by holding a monopoly position the owner of a patent or the owner of a number of patents or a number of licences may, by exerting pressure on other people, force them to buy from him, not only the product that he has patented or is manufacturing under licence, but also other products which he manufactures. I do not need to go into details on that.

I think hon. members are familiar with what is commonly known as the McGregor report on international cartels and monopolies, and they have probably also read the report of the royal commission on price spreads which was presented to this house in 1935 and which contains a great deal of information in detail on how monopolies and cartels work and how patents are used as a screen to hide behind. Since there seems to be some doubt as to whether we are in order, I should like to quote a sentence which appears on page 45 of the McGregor report and which, I believe, shows the tie-up between the question of patents and the question of monopolies and cartels. I quote:

The participants in cartels often make use of patent rights to divide the markets of the world among themselves by national territories and to establish within a national territory a comprehensive system of marketing control.

It is well known that you cannot have a cartel without having a monopoly, and you cannot have a monopoly without holding the patents for the product which you manufacture. The question of inventing has come up and some people say that the inventor is entitled to his profit or royalty for the work that he does. I agree with that, but we find that inventing has reached the point where it is big business. The inventor no longer operates in a dim basement as we have been given to understand he did in past years; inventing today is carried on by big corporations in their research laboratories, by corporations possessing the necessary equipment, finance, know-how and personnel to do it.

If an individual invents today something which is of great value it is seldom that he is in position to profit from it. He has no finances or means with which to develop it. Manufacturing and production are carried on in a big way today and a man with no capital simply cannot get anywhere. So we find that the question of the individual inventor is not the main issue. It seems to me that the main issue is how to prevent monopolies from making use of patents to extend their control over marketing, prices and things of that sort.

Attempts have been made at regulating monopolies and volumes have been written about those attempts. I should like to refer

to one or two of these attempts in order to show the difficulties they have run into. The Patent Act provides for certain steps that can be taken where an invention is not used or which has been in use for seventeen years in order that it may be made available to others. After seventeen years the patent no longer holds. There is also the Combines Investigation Act.

Coming back to the seventeen-year period, we find in these days of advanced technological processes that no invention is of any practical or commercial value seventeen years after it has been patented. In much less time than that they are able to skim off the cream and, after that, it is not of much use to the general trade. Therefore the limitation does not mean very much.

We have reports from the commissioner of the Combines Investigation Act that steps can be taken before the exchequer court to prevent abuses or misuses of patents; yet up to the present time no effective steps have ever been taken to prevent monopolies from abusing their patents. We can go through all these reports; we can go through all this literature, and we find that, although there are people with the best intentions with regard to having free competition and free enterprise continue to operate, every time the monopolies beat them to the gun.

As I said a while ago, sometimes monopolies combine to form cartels, which have a far more vicious effect upon trade than have monopolies in the national field. I should like to refer to cartels and the way in which trade has been restricted. I have before me copy of an exchange of correspondence between two men who apparently had made a deal between them to divide the fields of trade under cartel agreement. A reading of these letters shows plainly that when monopolies reach the point where they are in a position to form an international cartel they are no longer effectively subject to the laws of the country in which they operate. This is a letter that was written by Sir Harry McGowan of the Imperial Chemicals Industries in 1929 to Lamont du Pont. After the introduction, Sir Harry McGowan goes on to say:

Whatever the changes may be and however they may affect our individual concerns on one thing you may rely, they will not be allowed to disturb the harmony of the relations between our two concerns . . . I have warned my people that no fiscal alterations in the United States of America must be allowed to affect the interpretations to be placed on our patents and processes agreement and the working out of the cooperation for which that agreement provides.

He was referring to certain steps that had been taken to alleviate the restrictions on

international trade, and apparently he felt that, regardless of what governments might do, the arrangements which had been made between them privately were to be carried out. In other words, the laws of the nations meant nothing to him. He had an economic empire to look after, and he was going to look after it.

To this letter Mr. du Pont replied:

Dear Sir Harry:

I am much interested in what you say and heartily approve your attitude . . . I feel the same, namely, that our relations have been so happy and have produced such satisfactory results that we should let nothing in the way of international agreements interfere in any way with the progress we have made or may make in the future.

To these gentlemen international agreements and national laws do not mean a thing. When monopolies form themselves into an economic empire and we find them thus setting up a sort of private tariff of their own, when they do not have to live up to the letter of international agreements, we are up against a situation where the very constitution of the nations is being challenged, and I think it is time that this parliament and other parliaments started to do something about the matter.

I said a while ago that attempts had been made to regulate monopolies and cartels. I wish to refer to the attempt that is described in the report of the royal commission on price spreads which was presented in 1935. In referring to oil monopolies, the report contains a sentence, which, I think, is revealing and shows how difficult it is under our economic system as it stands today to do anything effective about monopolies. Under the heading, "The Prohibition of Monopoly and Maintenance of Compulsory Competition", I find this sentence:

A Standard Oil Company, however, may be formally unscrambled into its separate constituents, but it is open to question whether these can be compelled effectively to compete. These laws further are directed most specifically against conspiracies or combinations that seem unreasonably monopolistic. They have been applied only with difficulty, if at all, to single concerns which have grown to a size that facilitates monopolistic domination.

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman but I must call his attention, as I have done that of other hon. members, to the question before the house, which is the second reading of Bill No. 16, to amend the Patent Act, 1935. The hon. member should confine his remarks to the merits of the bill.

Mr. ZAPLITNY: I thank you, Mr. Speaker, for your guidance. I shall try to confine myself to the merits of the bill, but

when I find that the bill is lacking some merits I am forced to discuss the merits that should be in it. In my opinion, the things that can effectively control monopolies and cartels have been left out of this bill. If I am out of order in discussing the things that I should like to see in the bill, I shall have to refrain from doing so.

Mr. SPEAKER: Order. The Speaker has nothing to do with the fact that something may have been left out of the bill. The Speaker has before the chair a motion for the second reading of a bill, and hon. members who want to take part in the debate on the second reading must confine their remarks to the principle of the bill.

Mr. MacINNIS: Mr. Speaker, with all due respect to what you have said, I think my hon. friend was concerned with the principle of the bill. The principle of the bill is, in my opinion, pretty wide, just as wide as the effects of patents on our national life in every way. I notice that one of the marginal notes to the bill says, "Protection of rights of third parties." I assume that we are the third party. I think the hon. member for Dauphin (Mr. Zaplitny) is entitled to speak on how these amendments or the lack of amendments that should be made to this bill affect third parties; that is, the common people of Canada, the members of this house. I think he is well within his rights in discussing these matters.

Mr. ZAPLITNY: I was going on to quote another sentence, if I may, Mr. Speaker, from the price spreads report, which shows clearly the tie-up between patents and monopolies. The sentence reads, under the heading, "The Encouragement of Monopoly":

Governments also encourage private enterprise by granting franchises, patents, copyrights, etc., which sanction certain types of private monopoly.

In other words, governments in the past, through granting copyrights and patents and franchises, have encouraged monopolies and helped them to grow. I am pointing out that what the government should do to reverse that situation is to get rid of monopolies as such. Monopolies are not interested in free competition. Since entering this house, I have heard a great deal, just as other hon. members have done, about free enterprise. I do not think I have said anything in this house in opposition to free enterprise; but I have said this, and I say it again today, that in my opinion you cannot have free enterprise and monopoly capitalism at the same time because one is the antithesis of the other. As long as we have laws which permit monopolies to extend their control into the fields of legiti-

[Mr. Zaplitny.]

mate trade, we shall have a continual domination of free enterprise to the point where there will be nothing left but monopoly capitalism. Hon. members to my right are smiling. They may think it strange for me to be talking about free enterprise but when I have told them what I understand by free enterprise perhaps they will feel a little differently. Free enterprise, in my opinion, means that all persons shall have the same opportunity.

Some hon. MEMBERS: Hear, hear.

Mr. ZAPLITNY: I am glad to have the support of my hon. friends. We are getting along famously. But as long as some people are put in a position where they can exert undue influence economically over their fellow men, there is not the same opportunity for all and there is not free enterprise. In my opinion, it is time that the government and parliament took steps to remedy the situation which I have briefly outlined, namely, the formation of monopolies and cartels. But we cannot do anything internationally about cartels until we have cleaned up our own backyard and got rid of our monopolies. Our hon. friends to the right and left have professed their belief in free enterprise and also in capitalism, which is a contradiction in itself.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. gentleman, but the question before the house is not private enterprise. The question before the house is a bill to amend the Patent Act, 1935. I would ask the hon. gentleman to confine his remarks to the principle of the bill; otherwise I shall be obliged to ask him to resume his seat.

Mr. ZAPLITNY: I have very little more to say and it follows on what I have been saying, namely, effectively to implement the principle behind this bill which is the control of patents so that there will be no abuse or misuse of them, we shall have to pass legislation to get rid of monopolies, and in my opinion the only way effectively to get rid of them is to place them under public ownership. My hon. friends do not go along with me that far—

Mr. SPEAKER: Order. The hon. gentleman knows quite well that there should be no debate between hon. members and the Speaker. The Speaker has a duty to perform, namely, to ask hon. members to abide by the rules of the house. If the hon. gentleman does not do so it will be disagreeable but the Speaker will be obliged to ask him to resume his seat.

Mr. ZAPLITNY: Mr. Speaker, I am quite willing to abide by your ruling and under the circumstances I believe that the subject

matter with which I wish to deal might perhaps be dealt with more appropriately at another time.

Mr. E. G. HANSELL (Macleod): There are one or two observations I should like to make since we are discussing the principle of this bill. I listened with a great deal of interest to the speech of the hon. member for Peel (Mr. Graydon) and the reply which was made thereto by the Minister of National Health and Welfare (Mr. Martin).

I do not pose as an expert on all that is involved in the administration of the Department of the Secretary of State under which this act will function. As I look at the building across the way, I realize that the administration of patents requires a building four or five stories high, and that there must be a large amount of administrative details in handling that particular branch of government. I used to take the periodical which is issued by that branch of the administration which gives the public some information on various things that are being patented. When I discovered all the work that was involved in that I did not hope ever to acquire a knowledge of all the details of administration; therefore I am not going to criticize the administration of acts of parliament having to do with patents which come under the Department of the Secretary of State.

I have never patented anything in my life and, so far as my knowledge of the department is concerned, I could believe that it is functioning smoothly. However, there are several sections in this bill which give me just a bit of a clue as to a possible danger which might be ahead of us. I refer to that part of the bill involving the control, or shall I say bordering on the control, of patents for the use of atomic energy. At the last session of parliament we passed a bill which gave to the government almost absolute control over atomic energy. There was not a great deal of opposition to that because we were thinking of the tremendous destruction of which atomic energy is capable. In relation to this bill, the picture is slightly changed. We do not think of the destructive elements of atomic energy but rather of the usefulness and the constructive elements of it. I see in the bill a tendency toward government control of patents in respect of the usefulness of atomic energy. I must confess personally—I am speaking as a private member—that I look with some doubt on our embarking on a venture along that line.

Let me use electricity as an illustration. I suppose that when electricity was first discovered it was just as much of a surprise,

just as much of a breath-taking event, in those days as atomic energy was in our day. I can well believe that in that day people could see the world being blown to pieces by the use of the destructive forces of electricity. Let us suppose that in those days some move had been made to channelize or control all the patents and the progress and the scientific development which has been made over the years into government hands or under government control. I wonder what the picture would be today if that had been done. That is why I favour to some extent what we have been labelled as favouring, private enterprise, private initiative. I believe that private initiative should be safely guarded with respect to the future of the constructive forces of atomic energy.

Imagine, if you please, a government having complete control over all electrical equipment, our radios, our electric toasters, our electric hot-water bottles, and what have you. I do not think that would be a very good picture. I believe that the final test of all these things is how useful they are and to what extent the people of the nation can benefit by them. To my mind, that is the important thing.

I do not know that I have anything particularly against the bill. I do not believe it goes so far as to put everything under a tight government control, but I do see in certain sections a danger lying in that direction and I do not like that part of the bill any too well. Perhaps when we come to these sections we may have some more to say about it. What we want is the full use of all the scientific knowledge that we can have in the nation. There is this point to be considered, and perhaps this was what my hon. friend had in mind in part when it comes to monopolies. I do not favour monopolies any more than anyone else does and I certainly do not favour government monopoly. But what might have been in the mind of the hon. member for Dauphin is something that has often occurred to me. There is such a thing as useful scientific discoveries, even though they eventually end in sabotage by monopoly, and instead of the nation getting the fullest use and benefit of such discoveries the people never hear about them. I cannot prove the statements I am about to make, but there is no question in my mind that in this rapidly progressing and scientific age the automotive industry could have been revolutionized years ago by a different form of energy. We know that certain things are not permitted to go on the market for the reason that, if they did, big business would not be able to carry on its big business any more.

Take atomic energy. Suppose that we should give the green light to the scientists who deal with atomic energy so that within a couple of years we could run our trains and our aeroplanes, heat our homes and have power throughout the country by the use of atomic energy. Suppose that could be done in a couple of years—and I do not know why it cannot be done, for I am sure it has been demonstrated in our laboratories that it is physically possible. What would happen? What would happen to the coal mining industry, for example? Those who are in charge of monopolistic interests would not permit that development for the simple reason that it would destroy their big business.

I do not know altogether how one would deal with that, but I think it could be dealt with by compensating those industries that may find themselves in the red. I do not believe, however, that we can afford to sabotage progress, and so I suggest that either in this act or in some other measure the government should place itself in a position where it can give the green light to the highest possible development of atomic energy for constructive uses.

Mr. ALISTAIR STEWART (Winnipeg North): This afternoon the hon. member for Peel (Mr. Graydon) spent some time in discussing aspects of the amendments before the house and suggested that a wholesale review of the situation would be in order. I agree with him, though perhaps from a different point of view. I think we should have not only a wholesale review of the situation as regards patents but also a royal commission of inquiry into the abuse and misuse of patents as we have them in this country today.

The hon. member for Peel suggested that industry ought to be encouraged instead of being hindered by patents. He must realize, if he has read the McGregor report, that the greatest hindrance industry has today is monopolistic industry itself. I am not going to enter into an argument upon the merits or demerits of the delays we have had in the patent office. That was answered, to some extent at least, by the Minister of National Health and Welfare (Mr. Martin). I was, however, alarmed at the suggestion made by the hon. member for Macleod (Mr. Hansell), who seemed to imply that, to some extent at least, patents dealing with atomic energy should be left to private enterprise to exploit. I would oppose that completely for this reason, if for no other, that to exploit them thoroughly you would need millions of dollars, and the only corporations which have millions

[Mr. Hansell.]

for the exploitation of atomic energy are these same monopolistic groups to which we are opposed.

The hon. member for Macleod suggested as an example the electrical industry. That was a very bad example because the worst monopolistic groups in the country today are these same electrical manufacturing firms, and they are monopolistic because they have control of the patents. I wish to discuss not the merits but the demerits of the bill and, as the hon. member for Dauphin said, the demerits lie in those things that are not included in the bill.

I should have thought that by now the government would have realized the menace to our economy in allowing capitalist groups to control patents for their own purposes. The Liberal party has always seemed to be opposed to this. It is opposed to restrictive agreements which destroy competition and create artificial monopolies, and yet that is precisely what it has permitted to happen throughout the years.

Many Canadians have read with curiosity and perhaps fear of the expose of the patent racket in the United States. I have no doubt that the same racket exists on a smaller scale so far as patents in Canada are concerned, and I have no doubt either that the policies adopted in the United States for the suppression of competition by the use of patents have exactly the same application in this country. There is nothing new at all in this. If one examines the records of the house one can see where monopolies have grown through the exclusive use of patents, and I should like to read an advertisement which appeared in the *Ottawa Citizen* of December 11, 1909, which was put on *Hansard* at page 6824 by the then minister of labour, the right hon. gentleman who is now Prime Minister (Mr. Mackenzie King):

What is the Canada Cement Company Limited? Who pays the cost of excessive competition? Ultimately the consumer must pay. Eliminating the excessive cost of this wasteful competition will enable business to be done—

Mr. SPEAKER: Order. I must point out to the hon. member, as I pointed out to the hon. member for Dauphin, that the question before the house is the second reading of Bill No. 16, to amend the Patent Act of 1935. I would ask the hon. gentleman to confine his remarks to the principle of the bill.

Mr. STEWART (Winnipeg North): That is precisely what I am doing. I believe that when amendments to a bill are introduced the whole bill is opened up. I am dealing with the patent situation in the country, I suggest with

all deference to you, Mr. Speaker; and I suggest, without deference at all to the government, that it is not tackling the situation as it should. I believe I have the right to deal with the patent situation as it exists, and in doing so I am not infringing at all upon the rights of parliament. The then minister of labour went on to say:

These are obvious examples of the good which large consolidations of that kind would bring with them.

Consolidations have arisen through the use or the misuse of patents. Yet we are told on the next page of *Hansard* by Mr. Hodgins that the International Cement Company of Hull was charging \$1.50 a barrel for cement until the merger was formed and then the price went up to \$2.09 a barrel.

Mr. SPEAKER: Order. I am sorry to interrupt the hon. gentleman again but—and I would ask for the cooperation of every member—I will not permit on second reading of this bill a debate on monopolies. There is no question of monopoly before the house, or of private enterprise. The question before the house is the second reading of Bill No. 16, to amend the Patent Act, 1935. I am very sorry to have to interrupt the hon. member who is speaking, but I would say to him the same as I said to the hon. member for Dauphin (Mr. Zaplitny): if he does not wish to confine himself to the principle of the bill which is before the house, it will be my duty to ask him to resume his seat.

Mr. STEWART (Winnipeg North): Mr. Speaker, I should like to get this point thoroughly clear. I intend to discuss the entire patent situation, believing that it is within my rights as a private member of this house to do so, because the bill has been opened up by these amendments. Do I understand that I am out of order if I do so?

Mr. SPEAKER: I do not want to discuss the matter with the hon. gentleman who has the floor. He knows perfectly well, as do all hon. members, that the Speaker should not take part in any debate before the house; he is acting as a judge. It is my duty to direct to the attention of the hon. member who has the floor the fact that he must confine his remarks to the principle of the bill which is actually before the house.

Mr. STEWART (Winnipeg North): Mr. Speaker, I accept your ruling and I shall confine my remarks to the principle behind the Patent Act and the amendments thereto. One of the most iniquitous groups we have in

this country, created undoubtedly through the misuse of patents, may I say, is Canadian Industries Limited. This company—

Mr. SPEAKER: Order. I would ask the hon. gentleman to resume his seat.

Mr. STEWART (Winnipeg North): Mr. Speaker, with deference, I must appeal your ruling.

Mr. SPEAKER: I am sorry, but I am asking the hon. gentleman to resume his seat. Is the house ready for the question?

Mr. F. E. JAENICKE (Kindersley): Mr. Speaker, I think I shall hold myself to the principle of the bill and the principle of the amendments. I believe that I have some constructive suggestions to make to the government. I suggest that they should at this stage introduce some amendments to the Patent Act which will curb some of the abuses and practices we have learned about in the last few years. I can assure hon. members that I shall not refer to monopolies, although they are undoubtedly one of the curses in connection with these patent laws.

An hon. MEMBER: You are not referring to them, are you?

Mr. JAENICKE: In the United States and in Great Britain there have been investigations—in the United States by congressional committees and in the United Kingdom by a departmental committee of the board of trade—into the abuse of patents. By reason of the fact that the British act is practically the same as ours, as far as provisions pertaining to abuses are concerned, I think it is well that we should, at this time especially, look into the investigations which have been made in Great Britain. In my opinion, the patent laws of any civilized country have, as their fundamental basis, the principle that the inventor should reap the benefit of his work and, at the same time, that the public be protected. But it seems to me that usages, customs, practices and tricks of the trade have crept into this field of patents, with the result that both the inventor and the public are forgotten factors as far as our patent laws are concerned.

As I said before, the British Patent Act is practically the same as our act—and I presume that our act was copied from the British act in 1935—as far as abuses of the patent law are concerned. In Britain, a committee of the board of trade was appointed to inquire into the abuses of patents, and I think it would be well if I were to put before the house a few of the observations this committee made. In one portion of the report the committee

summarizes, in the following manner, the abuses which apparently existed in Great Britain:

Allegations have frequently been made that, in spite of these provisions of the law, patents are used in a restrictive sense, or in various ways contrary to the public interest. In particular:

(1) The owner of patent rights may fail to make any use at all of the patented invention, though it has potential uses and though others would be willing to develop it and exploit it.

Personally, I think this is a bad feature of the abuses that pertain to patents. It is bad for the public in general and I think it is especially a hindrance to the development of our natural resources, and results in their waste if some patent should exist which is held off the market for some reason or another, and which might save some of our natural resources. I continue with the quotation:

(2) An invention may be used to serve only a part of the potential market for the commodity concerned. For example, there may be a potential demand for a cheap model of an article which is being sold at a luxury price, or there may be a potential demand in a foreign market (unprotected by a patent) to which no export is being made;

(3) The refusal by the patentee to grant licences under a patent which covers an important new process may frustrate or discourage technical development in the industry concerned;

(4) Patents may be used to build up a monopolistic position both wider and of longer duration than the monopoly rights conferred by the patents in themselves;

(5) Restrictive conditions may be attached to licences, for instance compelling the licensee to purchase unpatented materials from the firm controlling the patent as a condition of using a patented process;

(6) Patent pools and cross-licensing arrangements may give a group of firms control over a branch of industry, enabling them to exclude or hamper competition from firms, outside the group; and

(7) British patents may be used by foreign firms to prevent production of commodities in this country, so as to preserve the British market for their own exports.

This last point is, I believe, especially applicable to Canada. In the United States also the Temporary Economic National Committee investigated this matter of patents, and in their report they came to this conclusion:

No one can read the testimony developed before this committee on patents without coming to a realization that in many important segments of our economy the privilege accorded by the patent monopoly has been shamefully abused. It is there revealed in striking fashion that the privilege given has not been used, as was intended by the framers of the constitution and by the congress, "to promote the progress of science and the useful arts," but rather for purposes completely at variance with that high ideal. It has been used as a device to control whole industries, to suppress competition, to restrict output, to enhance prices, to suppress inventions and to discourage inventiveness.

[Mr. Jaenicke.]

Perhaps it might be advisable for us—and I strongly urge this upon the government—to appoint a similar commission or committee of this house or of both houses, to go into the question of the abuses of patents, and of their being made use of for monopolistic purposes or for purposes in restraint of trade. Then we might be able to pass some further remedial legislation in order to curb these vicious practices.

It seems to me that we are particularly concerned with patents held by foreigners, which patents are used principally to exclude the importation into our country of articles upon which some monopoly holds a patent and yet makes no attempt to manufacture the patented article in Canada.

While we can undoubtedly profit by the evidence and reports of these committees and commissions in Britain and the United States, and while their reports will undoubtedly be of help to us, yet conditions in Canada are somewhat different. For instance, ninety per cent of the patents registered in Canada are held by foreigners, and a commission of our own to investigate this whole matter would be the most useful remedy that I can suggest at this stage.

However, in order to make some constructive suggestions, even before we appoint such a committee, since the work of such a committee would be of long duration, and its report might not be forthcoming at once, I think the act should be amended in the meantime to make it easier for the commissioner of patents and our courts charged with the enforcement of statutory provisions to curb these abuses.

Section 64 of the act provides that the commissioner may, by notice in writing to the patentee, request a return to find out whether a patented invention is being worked, and the reasons why it is not worked, if that is the case; and that upon failure to make such returns, it shall be an admission on the part of the patentee that the invention is not worked on a commercial scale in Canada.

It seems to me that this section forms a basis for some remedy, and I suggest that section 64 should be widened considerably. Instead of the commissioner giving notice in writing to the patentee to file a certain return, the law should require the patentee to make such returns periodically, as long as the patent is in force, let us say once a year. And not only should he give information as now required by the act, but further he should state in his return as to what licences for the manufacture of the article he has granted, and what agreements he has entered into with

manufacturers or with other people, or even with competitors, and that such agreements or copies thereof be attached to such returns. It should be stated that, in default of such return being filed, the patentee should be liable to severe penalty.

These returns made to the commissioner should be public property, so that anyone with a personal interest could come into the patent office and look at the files in connection therewith. So that if any person might wish to take action under section 65 of the act he would have the information upon which to base his case, and would thus be in a better position to establish it.

There should be a section in the act establishing certain legal presumptions against the patent holder. I believe that is quite justified in view of the abuses with which we are familiar. Or there should be a presumption which would shift the onus of proof in the event of proceedings being taken, and where it appears, from a return filed by a patentee, that there are reasonable grounds to believe that a patent is being used in restraint of trade, or to keep a useful article off the market, or for purposes of establishing a monopoly to the detriment of the public. It should also provide that such things as cross-licensing, fencing and blocking of patents should raise a presumption of abuse, and thereby shift the onus of proof.

If the commissioner of patents finds under section 66 that a case of abuse has been established, apparently he has only the following powers:

(a) he may order the grant to the applicant of a licence, either exclusive or otherwise or,

(b) he may order the revocation of the patent, but only if he is satisfied that the objects of the remedial sections of our act cannot be attained by the exercise of granting a licence, compulsory or otherwise; and he can only grant that if the applicant or other person can show that he is able and willing to provide capital to work the patent.

I think the somewhat drastic remedy of revoking the patent should be more freely exercised, or rather the commissioner should have greater power simply to revoke the patent, instead of this power being subject to conditions which are almost impossible to prove or to satisfy.

The same report of the British commission of the board of trade already referred to comes to this conclusion:

We are of the opinion that taken together these provisions of the act are not adequate to prevent patents being used to the prejudice of public interest in one or other of the ways we have already indicated.

I think these words might very well be applied to our own act, because, as I said before, the British act is almost identical with our own in respect of provisions for remedies and abuses. I strongly recommend to the Secretary of State (Mr. Gibson) that serious consideration be given to amending the act, along the lines I have indicated, and at the same time appointing a royal commission or a committee of parliament to look into these abuses of patents so as to guard against these conditions in our own country. These conditions may not be as bad as they are in the United States, as revealed in the volumes of evidence at which I have looked at—and I have not been able to peruse all of it—but which reveals a sorry mess in the country to the south of us. But if these conditions are not as bad in Canada as they are in the neighbouring country to the south they may very well become bad. Now is the time we should guard against that, and amend our act so that, when the time comes, these conditions will not arise.

Mr. PARK MANROSS (London): Mr. Speaker, there has been quite a bit said about the bill, so that I shall not delay the house long. In the first place, I wish to disagree entirely with what was said by the hon. member for Macleod (Mr. Hansell). He said he was not an expert. My definition of an expert is an ordinary man away from home. So I should think he is an expert.

It does not make any difference how big a business gets—and I have heard a good deal this evening about big business—it is always vulnerable to people who can think; and there are not many. But anyone who can think, and who can work out inventions, always has a chance in a democracy, regardless of how big business is.

If one goes over the records showing patents granted, and businesses which have developed from those patents, he will find that many successful businesses today have been developed by little people who have fought and worked, who have developed patents and protected their interests thereby, and who have had protection for a number of years until they could build a business. Why should they not be entitled to it?

Sometimes big business buys them out. That is to the benefit of the patentee. If he is not bought out, then he goes on to make a success of his business. So far as I can see, there is no use, under this act, of talking about big business. The hon. member for Winnipeg North (Mr. Stewart) spoke about the Canada Cement Company. I do not know whether he was trying to cement his position.

This is a bill to amend the Patent Act. Do we want to amend it or do we want to leave it the way it was before? It seems to me that in this debate we are going into a good many technicalities, many of which are trivial, technicalities which should be worked out by a committee.

Reference has been made to what has been described as the sorry mess in the country to the south of us. I do not know whether it is a sorry mess or not. One can buy patented articles cheaper in that country than in any other country in the world. Therefore I find it difficult to say whether they are sorry or happy.

However, we favour the amending of the Patent Act, and it seems to me that that is the subject matter of this debate. Further, we would favour the appointment of a committee to consider the technicalities surrounding amendments to the act. There are plenty of members in the house who are familiar with those technicalities and with the legislation which would be required to meet them. I admit that we have to have a few lawyers in the house, but not too many. We could appoint a committee of this house which could do much better, all that we are trying to do by arguing the question of monopolies and cartels, little men and big men, big business and inventors in cellars. It does not mean a thing. It seems to me that the question before us is: Are we in favour of a bill to amend the Patent Act, 1935, and are we in favour of having a committee appointed? That is what I am in favour of.

Mr. R. H. WINTERS (Queens-Lunenbourg): Mr. Speaker, I wish to say only a few words on this act amending the Patent Act. A great deal has been said tonight about patent pools and the mystery of patents. For a few minutes I should like to try to draw aside the curtain of mystery which allegedly surrounds the question of patents. The business with which I have been associated for most of my life has been one which embodies much of invention, development and science. I know of no outstanding difficulty or obstacle that confronts an individual in getting a patent. The know-how is not hard to get because there are plenty of people in the country ready and willing to offer advice as to the channels to follow. I say again that patents are not particularly hard to get if one has patentable ideas and there is no mystery about them.

We have heard much about patent pools tonight. They have their good side and, as far as I am concerned, I have seen very little of the bad side. It is true that in a patent pool the patents are available only to members of the group who have subscribed to the

[Mr. Manross.]

pooling arrangement, but the mere fact that a patent is turned over to the pool means that it immediately becomes available to all the members of that pool. Once a patent has been made available, the development of articles involving that patent does not stop. All the companies concerned with the patent get busy and in a competitive market try to find the best means of embodying that patented device or principle in the product they are manufacturing and at the lowest cost.

Most large companies that I know of spend a great deal of time on cost reduction. Most of them have cost reduction departments which do nothing but try to put their products on the market at a lower cost. It is in this search for methods of producing at lower costs that many of the patents in the patent pools are discovered. I see nothing iniquitous about that. My experience has been that it ultimately works out for the good of the public at large. It does not stifle competition; it makes for good, wholesome competition.

It has been said that most patents are held by the large companies. I think that is true, but there is a good reason. The large companies are in a position to spend money for patents and for developing them. Many of the large companies have separate organizations which spend their full time on development work and it is entirely natural that they should develop patents. The private individual who putters around in the cellar, as the hon. member for Dauphin (Mr. Zaplitny) said tonight, is not as likely to uncover a patentable idea. Should he hit upon such an idea, however, there is no reason why he cannot patent it.

It has been suggested that patents are so controlled today as to impede science. Mr. Speaker, I would end my remarks by saying that down through the ages it has been the history of science that nothing stands in the way of progress for very long.

Mr. E. B. McKAY (Weyburn): Mr. Speaker, I have a few remarks to make with regard to the Patent Act, and I hope that in making them I can keep within the rules of debate in this house. I shall not speak at any great length and hon. members need not be fearful of what I shall say. The fundamental purpose of the Patent Act is the encouragement of invention. It grants to inventors the exclusive right to exploit their inventions over a given period of time. Letters patent in Canada are a statutory grant and this has always been the case. In 1867 the British North America Act assigned the granting of patents exclusively to the dominion govern-

ment. Two years later, in 1869, the dominion Patent Act repealed all provincial acts which had to do with patents. Since that time, this act has formed the basis upon which patent rights rest.

According to the *Canada Year Book*, some 7,084 patents were granted in 1945, and of this number eighty per cent were granted to inventors resident in the United States. Only about six per cent of the patents granted in that year were to residents of Canada. These figures are most significant. There is an obvious reason for the large number of United States inventions which are registered in the dominion. A great many United States corporations operate in Canada. These corporations have at their United States headquarters patent departments and research staffs which are used to prepare drawings, make models of inventions and draw up statements of claims on patents. When these corporations open for business in the dominion they register their patents here for their own protection, and those are usually registered in the name of United States citizens.

The number of patents issued to residents of the United States in 1945, some eighty per cent of the total, is to some extent indicative of the United States economic control of the dominion. I should like to refer to page 43 of "Canada and International Cartels", being the report of the commissioner of the Combines Investigation Act, dated October 10, 1945. In referring to United States control, the commissioner stated:

The concentration varied greatly for the different fields of manufacturing and was largest in the following:

	per cent
Automotive	82
Electrical apparatus	68
Rubber goods	64
Non-ferrous metals	50
Non-metallic minerals	44
Machinery	42
Chemicals	41

Large corporations operate in each of these fields and in most cases their operations are monopolistic in character. They are all protected by patent rights established in Canada. I do not think any of us have any quarrel with Americans as such, but we might have a quarrel with corporations which are protected in Canada by our Patent Act and which, while operating in Canada, tend to exercise monopolistic control over any particular industry.

It is not a particularly easy task for the small inventor to have a patent registered and probably this accounts for the small number which are held by small producers. I think generally that is the reason why Canadians as a whole have not been able to register a great many of these patents. An applicant is

required to furnish, as I said before, accurate models and drawings of his invention and he must convince the commissioner of patents that his invention employs an entirely new principle not covered by any other registered patent. Patent attorneys need to be retained to prepare statements of claim for the invention. Substantial fees are required for this work and there are additional fees for registration. These are some of the reasons why the majority of patents are issued to corporations which have large financial resources. It is a rare case indeed when a small inventor is able to obtain sufficient capital to exploit the invention himself.

The grant of a patent is a grant of monopoly right, and must be considered as such. It is a legal property right and is accordingly protected by law to preserve that right. There are, however, it is only fair to say, certain provisions in the Patent Act which, ineffective though they may be, are intended to protect the public against abuses of this monopoly right. One provision states that the life of a patent is to expire in seventeen years, after which time anyone interested may make use of the invention. This provision has proven ineffective because technical change in modern times is so rapid that the economic value of an invention may be completely exploited long before the seventeen-year period elapses. As an example, radio tubes patented in the 1920's are now obsolete and there is every possibility that the tubes now being used will be obsolete in the course of the next year or two. It is appropriate here to suggest that the seventeen-year period for the life of a patent be substantially reduced. Obviously the expiration of the patent life in the case of radio tubes means very little since new processes are being continually patented by tube manufacturers, thus tending to extend the seventeen-year monopoly almost indefinitely. The most important other protective provision is that any interested person may, after a three-year period has elapsed in the life of a patent, apply to the commissioner of patents alleging that there has been an abuse of the exclusive rights given under the patent and requesting relief. An abuse is considered to exist if the invention patented is not being used within Canada on a commercial scale and no satisfactory reason is advanced why it is not being used. Furthermore it is considered an abuse if the demand for the patented article is not being met to an adequate extent and on reasonable terms to the consumer. To quote the act:

If any trade or industry in Canada . . . is unfairly prejudiced by the conditions attached by the patentee . . . to purchase hire, licence or use the patented article,—

the relief granted may involve the revocation of the patent or the compulsory licensing of the patented article on terms determined by the commissioner. This is indicated in sections 65 and 66 of the Patent Act.

It seems, however, apparent to anyone that it is possible, by manipulation of cost and profit figures to show that the demand is being met on reasonable terms and that the owner of the patent is producing all that can profitably be sold. Only an independent audit of the books of the company which controls the patent would ascertain the true situation in this regard. The commissioner should have power to appoint auditors to conduct an examination of the company records concerned in order to protect the public interest.

Unless the commissioner is given this power, there can be little relief from the abuses I have mentioned except where production is restricted severely enough to be common knowledge and where prices are maintained at clearly exorbitant levels.

At present any application stating that an abuse exists involves considerable expense for the applicant, for applications of this kind may have to be reviewed by the exchequer court. Only corporations with financial backing are thus able to bring such cases to the court for a decision. Most corporations, I think, are not, as a rule, interested in whether the public is forced to pay high prices or whether production is restricted in order to maintain prices. Too often they practice the same programme themselves, as has been proven again and again. Therefore this provision does little to protect the public against the monopoly power which patent holders exercise. As a matter of fact the Patent Act in effect even serves to protect monopoly from interference.

The whole ground covered by a patent right is a highly technical subject. Because of this fact, there is ample opportunity for unlimited legal debate. Thus it is possible for big business to frighten away new producers, by claiming that their patents are being infringed upon. Invariably this brings the threat of a damage action which few persons other than wealthy businesses are prepared to enter upon. Even though the small holder of a patent has an excellent case, the prospect of endless litigation which such action involves tends to prevent him from making an appeal. Thus the smaller producer can be forced out of business completely or absorbed by larger interests.

The patent pool was set up for the convenience of firms engaged in similar lines of production in which they had a common interest. One firm may have an important

[Mr. McKay.]

patent, while another has control of a process that may improve or make more efficient the patent of the first concern. To take care of this situation so that the interest of neither concern is interfered with, a holding company is set up to hold all the patents for that line of production and to license members of the group in that line of business.

This may be a desirable feature, but too often such a holding company operates as a watch-dog for the group which organized it, with power to use the resources of all member companies to take care of infringement suits involving their patent rights. There are cases, too, where output control, division of markets and regulation of price are held within the control of the holding company. As an example, Canadian producers of radio tubes have a patent pool. It has been alleged that this pool controls prices and output of the members within the pool. When such a situation exists the pool definitely operates to the detriment of the public at large.

While the patent pool may save labour in cross licensing for the big producer, it is of little assistance to the small producer. If such pools restrict output and maintain excessively high prices on commodities with which they are directly concerned it would appear to be against the public interest to permit the establishing of pools at all.

No one can deny that the Patent Act confers benefits upon the patentee, but it also has the effect of creating and supporting monopolies against which there seems to be inadequate protection for the public. It seems to be useless to talk of the Atlantic charter or the new world envisaged by the united nations when the great monopolies are permitted to grow to vast proportions under the protection of the country's Patent Act.

These monopolies and cartels embody the fascist conception of economic exploitation and domination. While the combined efforts of the united nations were able to defeat fascist militarism and political control on the field of battle, it appears that the democracies are losing the fight against the same fascist threat in the realm of economics. We must have economic freedom as well as political liberty if we are to have true democracy.

The ACTING SPEAKER (Mr. Golding): Order. I must ask the hon. member to try to keep to the principle of the bill.

Mr. McKAY: I am sorry; I am trying to keep to the principle of the bill. Monopolies and cartels exist in many forms. They divide and rule the economic world on the basis of economic privilege. It is to their advantage to restrict production and even reduce trade.

Marketing areas are parcelled out amongst members of the cartel so as to eliminate competition.

There is hardly an hon. member here who is not wearing shoes manufactured on machinery produced by the United Shoe Machinery Company.

The ACTING SPEAKER (Mr. Golding): Order. I ask the hon. member to try to keep to the principle of the bill. It is important that the hon. member try to abide by the rules of the house. It has been repeatedly pointed out tonight by His Honour the Speaker that on second reading hon. members should confine their remarks to the principle of the bill under discussion.

Mr. McKAY: In conclusion, may I express the opinion that while regulatory legislation—to which I have referred several times this evening—with regard to the Patent Act is most desirable under the present capitalistic system—and I shall support such regulations at every opportunity—yet it cannot end monopoly power. In order to remove this menace which exploits our nation, we of this group advocate the nationalization of those monopolies which menace our economic life.

The ACTING SPEAKER (Mr. Golding): I would remind hon. members that if the minister speaks now he will close the debate.

Hon. COLIN GIBSON (Secretary of State): In the course of his remarks this afternoon, the hon. member for Peel (Mr. Graydon) made some reference to the time that was taken in the patent office to grant a patent after the application was received. In the figures he gave for June, 1945, he showed that over forty-eight per cent of the applicants received their patents within two years and over seventy-six per cent within three years. I should like to point out that that is not unusual. I hold in my hand a United States report which shows that the average time for the pendency of patent applications in 1917 was one year and nine months; in 1921 it had increased to one year and ten months; in 1928 it was two years and seven months, and in 1929 it was two years and ten months. I understand that there has been a progressive increase until now the average time is about three years. That is to be understood, owing to the fact that, with the large number of patents that have been filed and are being filed, it takes longer to make the complete searches before granting the patents. In fairness to my own staff in the patent office, I must say that their record is not a bad one and I would say that it compares very favourably with the record of the patent office in the United States.

My hon. friend referred to one case in which it took twelve years from the time of the receipt of the application to the issuance of the patent. I have had that actual case brought before me and I find that much of the delay was caused by the applicant for the patent himself, who on five separate occasions took a year to answer a letter from the patent office. He, or his agent, deliberately took a year so that his patent application was held up purposely by the individual concerned.

I may also state to the house, again referring to the United States figures in the report, I find that some of the patents have been delayed for as long as twelve years and ten months, and for thirty-six years in the case of a sound photographic application. There was another one of twenty years and two months; another one of fourteen years; two others of fourteen years and eight months, and another one of twenty-two years and eight months. Therefore it is not difficult to pick out cases where patent applications have not been proceeded with rapidly and have been outstanding for a long time.

The hon. member for Peel suggested that this bill be referred to the banking and commerce committee. I am quite content to have that done, but I would also point out that it is of great importance that it be referred back at the earliest possible date since there is urgency in having the bill passed on account of both the secrecy provisions which should be in operation before the National Emergency Transitional Powers Act expires on March 31 and on account of the reciprocal privileges provided by the United States from the time that this bill is passed until August 8 of this year when the United States act expires.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

EXPORT AND IMPORT PERMITS

PROVISION FOR REGULATIONS, PROCEDURE, ETC.

Hon. J. A. MacKINNON (Minister of Trade and Commerce) moved the second reading of Bill No. 11, respecting export and import permits.

Mr. MACDONNELL (Muskoka-Ontario): I was wondering whether the minister proposed to make a statement before I make my remarks.

Mr. MacKINNON: This bill stands in the name of the Minister of Trade and Commerce because the machinery for operating export and import permits is in the Department of Trade and Commerce. We are the central

clearing house in connection with these permits. The decisions regarding permits in the first instance are not taken in the Department of Trade and Commerce but arise in other departments, particularly the Department of Finance.

I should like to emphasize one or two of the important features of this export-import control bill. It has been considered desirable to cover both export control and import control in the one bill; but it will be convenient, in stating the main purpose of the bill, to deal first with the export provisions and then with the import provisions.

There is probably little need to explain at length the basic need for export control at this time. The Canadian price level in many commodities is substantially below the world price level. That, coupled with a practically insatiable world demand for a number of commodities, would mean that, in the absence of export control, this country could very quickly be denuded of many essential goods. One has only to mention the world shortages of foodstuffs, textiles, lumber and building materials, as well as of the many manufactures of iron and steel.

There are one or two particular features that I wish to emphasize in the plan of export control that is proposed in this legislation. Perhaps I should say, first, that it follows the type of control which is now being operated, and leaves to the governor in council freedom to select items which should be placed under export control or freed from control. It is the government's firm intention to free as many items from control as possible, at the earliest possible opportunity. For that reason, the right to free commodities from control is given to the governor in council. The reason for the same flexibility in putting items under control is the rapidly changing supply and demand positions in other countries. Interruptions of production in other countries of any goods that are produced in Canada result in an immediate demand in Canada for the export of those goods. For example, the interruption of steel production in the United States last year created a situation which, in the absence of export control, would have resulted in an intolerable situation in Canada, and this despite the fact that only a few months earlier Canadian controls had been removed.

It follows that the government must have freedom to place items under control as well as to free them from control. It should be noted, however, that the present act does establish the considerations by which the governor in council shall be governed in deciding whether items shall be placed under or freed from control.

[Mr. MacKinnon.]

While the main purpose of the export control is to ensure adequate supply in Canada, the export controls are also necessary to enable us to carry out Canada's commitments in connection with those foodstuffs which are in world short supply and which, by common agreement of the united nations, must be formally allocated to ensure an equitable distribution. Under such arrangements, Canada undertakes to supply the needs of certain markets, while other suppliers look after other markets. It will be seen that, in order to carry out such an arrangement, there must be the authority to direct our exports to stated destinations. A similar situation arises in connection with the carrying out of our food contracts with the United Kingdom. A third type of control which is envisaged by this measure is that relating to the movement of arms, munitions and war materials and supplies.

Special provision is made in the measure for the recapture by the government of any subsidies which may have been paid to maintain domestic prices. In many instances subsidies are paid at an early point in the production of a commodity, at a time when it is not known what part, if any, of the production will find its way into the export market. These subsidies are paid for the purpose of maintaining domestic prices; but, wherever it is practicable to do so, they are recaptured at the time of export, in order that they shall not accrue to the benefit of the foreign buyer or of the individual in Canada making the export sale.

The provisions in respect of import control are equally necessary, though there may not be quite as general an understanding of the reasons therefor. In some instances the major supplying countries of a given commodity have taken control of its distribution and stipulate that an importing country, in order to receive an allocation, must agree to import no more than a stated quantity. Such a situation may arise from an international allocation of goods in short supply, such as the present international authority dealing with edible oils and fats. Alternatively, it may arise from one or more countries deciding to market a commodity by making allocations to the various importing countries. Where such an allocation is made it is necessary for us to ensure that the limited quota available to Canada is not acquired by a few of the bigger users, at the expense of smaller consumers. It should be noted that the supplying country, in many of these instances, establishes a fixed quantity for Canada, but it is no concern of theirs as to how fairly the share allotted to Canada is

distributed among the Canadian interests that require supplies. That is something that Canada must look after herself. As in the case of exports, while it is not possible to establish a particular list of goods to which import control should apply, and the governor in council is given authority to place items under control or free them from control, a limited number of considerations are established by which the governor in council will be governed in making decisions.

The enforcement provisions of the act follow the practice that has been adopted during the war in administering these controls by utilizing to the full the existing services of the customs department.

No one can foretell, with certainty, the period of time during which it will be necessary to continue this type of control. I can only repeat what I have already said in this house, that it is proposed that the bill should have a life of approximately one year, terminating sixty days after the commencement of the first session of parliament next year. If, in fact, it is necessary to continue these controls, the decision will have to be made by parliament at that time.

Mr. J. M. MACDONNELL (Muskoka-Ontario): First of all, I should like to express my gratitude to the minister for his statement. I think we should try to be realistic about these things, and I suppose that, however regretfully, one must admit that some measure of control of the kind the minister has referred to is probably unavoidable in these strange and mixed-up days into which we have drifted. Nevertheless, I think we want to be perfectly clear as to what we are doing.

I had the idea, and perhaps some others believed also, when we adjourned the speech-from-the-throne debate, that we were to spend two weeks in getting away from legislation by order in council and, instead, have legislation by the House of Commons. But nobody need doubt as to what type of bill this is. This is merely a bill whereby legislation by order in council continues, the only difference being that, instead of the orders in council being passed under the National Emergency Transitional Powers Act, they are now passed under this act. Just let me read section 5:

No person shall export or attempt to export from Canada any goods . . . except under the authority of and in accordance with a permit . . .

I then read briefly from section 3:

A list of goods to which section 5 of this act shall apply may be established by order of the governor in council . . .

I suggest that this house should be very careful before we go on leaving, as the minister has made it so clear we do leave it if

we pass this bill as it stands, to the governor in council the power to take commodities in and put them out again. It is really just a happy hunting-ground for the kind of controls that controllers like, and is something that I think we should be careful about. I hope that the house will take the attitude that, unless good reason to the contrary is shown, the items which are to be controlled should be put in and listed here, and that the house should know the why and the wherefore. The minister will no doubt say there are difficulties in the way of that. Maybe there are. Nevertheless, I hope the house will think long and carefully before it continues order in council legislation, which is what this is asking for.

Second, I suggest this. Certain grounds will be put before the minister by his advisers as to whether this or that commodity should be included. If my suggestion is adopted, namely, that a list of the commodities be put in, then it is rather meaningless unless somehow we are able to apply our minds as well as we can as to why this or that commodity should be included. Therefore I am going to ask that, after second reading, this bill be referred to a standing committee of the house, so that the committee—I presume it will be the banking and commerce committee—may have a chance to be satisfied as to the commodities which are to be included. I suggest that is in accordance with the whole understanding of the course of legislation which we are now to have. I suggest that this bill is quite contrary to that course of understanding.

I want to be practical. I realize that we are still in this strange, mixed-up world where, for my own part, I can see that some controls must still be employed. But I feel earnestly that, if we have any hope of emerging finally from this and getting into the kind of world which I think most of us want to get into, we cannot allow too long a time to elapse before we make a beginning. I am not forgetting that the bill is for only one year or perhaps a little longer time; but I am suggesting, first, that this procedure by order in council is not necessary, that the commodities should be listed in the bill; second, I am suggesting that we should have a reasonable chance in committee to find out why such-and-such commodities are included.

For a very brief space, Mr. Speaker, because I think this bill takes us right into the very heart of the problem, the tremendous problem which we all face if we want to get our economy again established on a going-concern basis, and a normal continuing basis, I wish to ask the house if they will bear with me while I direct its attention to a few considerations which I believe are absolutely implicit

in what we are doing and go to the very root of our whole economic position. Most hon. members have probably read the very able report of the governor of the Bank of Canada; and if anything were needed to make us understand the gravity—and I use the word deliberately—of our position, in spite of the pleasant details of news that are given us from time to time, that report would do it.

Bearing in mind the overwhelming importance to us of national trade, I wish to ask the house for a few moments to address its mind to one or two quotations which I shall read. They are not very long, but I think they are basic. The first is from Lord Keynes. It appears in the *Economic Journal* of last June. I read particularly from Lord Keynes because he has been regarded as the patron saint of all those who think we have discovered some strange, new, wonderful magic which gets us away from all the rather tough sayings or rather of the realistic sayings such as earning your bread by the sweat of your brow, and all that kind of thing. We thought we had got away from that basis, or at any rate many people did, and Keynes was supposed to be the great apostle of all these new thoughts. Therefore, perhaps the house will allow me for a very few minutes to read one or two short passages from his last article; I suppose it is the last article that Keynes wrote; in fact, I think it appeared posthumously. He is writing on the question of the balance of payments in the United States. He is writing about that because he is making the point that the attitude of the United States can actually make or break the rest of us; and he is trying to reach the conclusion that the reason there is a reasonable expectation that the United States will play ball in an international world. I do not need to emphasize the importance of that. I do not need to say that that really makes or breaks the situation. I do not need to remind hon. members that when we are involved in all the red tape, ramifications, controls and counter controls, and quotas of all kinds which the minister read to us—and very properly, because that is involved in what we are doing—we should not fool ourselves. When we put quotas on imports, it means that the government, just as he said, will decide what everybody is going to get, what every individual manufacturer is going to get. It is the finest thing to put a clog on competition. Hon. gentlemen to my immediate left will not worry about that as much as I do. It is the finest thing to promote monopoly. The hon. members to my left will worry about that as much as I do.

An hon. MEMBER: More.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. MACDONNELL (Muskoka-Ontario): Do not let us fool ourselves. When we step into these things we are making it harder and harder every day to get the kind of world that most of us want. Let me read briefly from Keynes, and I think hon. members will find it interesting. He is speaking about trade in the United States, and incidentally I commend this article to every member in the house. He says:

Putting one thing together with another, and after pondering all these figures, may not the reader feel himself justified in concluding that the chances of the dollar becoming dangerously scarce in the course of the next five to ten years are not very high.

What he means by that, in less technical language, is that the chances of the United States being ready to trade with the rest of the world, taking in goods as well as giving them out in the next five to ten years, are very good. He bases a good deal on the tourist trade. He gives astounding figures as to the possibilities of the tourist trade and I confess I found them heartening. I want to read next this, where I think he goes to the very root of the matter, the very root of our economic thinking. He has some things to say about the rather light-hearted economists who seem to believe they have found a magic solution. He has some things to say which, I believe, are worth listening to. He says:

In the long run more fundamental forces may be at work, if all goes well, tending towards equilibrium, the significance of which may ultimately transcend ephemeral statistics. I find myself moved, not for the first time, to remind contemporary economists that the classical teaching—

And by the classical teaching I understand what he means is the free system, the kind of thing that Adam Smith talked about.

—embodied some permanent truths of great significance, which we are liable today to overlook because we associate them with other doctrines which we cannot now accept without much qualification. There are in these matters deep undercurrents at work, natural forces, one can call them, or even the invisible hand, which are operating towards equilibrium.

I suggest to the house that those who have the responsibility of making these decisions, who see all kinds of difficulties—and I think I can see them too—and who are apt to feel that somehow or another by management they can guard against this and guard against that, can control this and control that and can manage us out of all our difficulties, should ponder these words.

I wish to read one further quotation:

Admittedly, if the classical medicine is to work, it is essential that import tariffs and export subsidies should not progressively offset its influence.

Then I skip part to where he goes on and says:

It shows how much modernist stuff, gone wrong, and turned sour and silly, is circulating in our system, also incongruously mixed, it seems, with age-old poison, that we should have given so doubtful a welcome to this magnificent, objective approach—

That is, of the United States.

—which a few years ago we should have regarded as offering incredible promise of a better scheme of things.

One last quotation, and I quote this because it has special reference to and will be specially welcomed by hon. members to my left:

I must not be misunderstood. I do not suppose that the classical medicine will work by itself or that we can depend on it. We need quicker and less painful aids of which exchange variation and over-all import control are the most important.

Yes, he says that. Then, listen to what he says next:

But in the long run these expedients will work better and we shall need them less, if the classical medicine is also at work. And if we reject the medicine from our systems altogether, we may just drift on from expedient to expedient and never get really fit again.

And finally this:

The great virtue of the Bretton Woods and Washington proposals taken in conjunction, is that they marry the use of the necessary expedients to the wholesome long-run doctrine. It is for this reason that, speaking in the House of Lords I claimed that—

And this is what he said:

—“here is an attempt to use what we have learnt from modern experience and modern analysis, not to defeat, but to implement the wisdom of Adam Smith.

And the one further quotation I wish to give the house comes from a popular United States publication, *Life*. I make this quotation from *Life*; perhaps if it came from a high-brow journal I would not think so much of it. But this is being addressed to millions of Americans, and I bring it to the attention of the house because it would appear as though it is the view that is held over there, that they have learned that the United States can no longer prosper by themselves. This article says one or two things which are of great significance, and of considerable importance to us. I say that because this country has an influence. I think if we are driven by fear and by the companion feeling that we can control everything, and if we go on and on with these controls and are not prepared to take a certain amount of risk—because there are always some risks involved—if we are not prepared to go on and remove controls as fast as possible we may one day find it is too late.

This is what *Life* says about the United States:

Of all industrialized countries, America has the least incentive and the least tendency to monopolize its capitalism in that way and the best reasons to welcome the creation of new industry abroad. For as the president of Westinghouse International recently put it, “You can’t do business with a poor house.”

Then he draws attention to the fact that Westinghouse has commenced the operation of factories in Mexico and China, and is teaching the people there the know-how which they have learned in the United States. And he goes on to say:

American businessmen who go abroad this year should make a lot of money. But if they go as wealth creators—as good capitalists—they will make converts for their system and healthy allies for their country, too.

I wish to add just one word. We are now being asked to go on, still practically tied hand and foot with these controls. I do not suppose that the Minister of Trade and Commerce (Mr. MacKinnon) or the Minister of Finance (Mr. Abbott) like them any better than I do. But I earnestly suggest to them that we are in danger of being the victim of our own experts. We have lived for years in a world dominated by war, governed by controls. There has grown up inevitably a group of men, able and industrious men, whose whole life and experience has been in dealing with controls. It is too much to expect that these men can believe that people, without their controls, can carry on under their own steam.

Mr. ILSLEY: I do not agree with that at all.

Mr. MACDONNELL (Muskoka-Ontario): The Minister of Justice does not agree with it. He and I differ. I do not say this in derogation of those men. But I say that men who have exercised controls for years will find it extremely difficult to believe that the moment for ending controls has come. And I doubt very much if the Minister of Justice really disagrees with that.

Mr. ILSLEY: Yes; they are most anxious to get away from controls, as soon as they can.

Mr. HOMUTH: There are five thousand of them.

Mr. MACDONNELL (Muskoka-Ontario): With all due deference to the minister, these men may think they want to get away from controls. But in my belief, as I said a minute ago, it will be extremely hard for them to come to a point where they really do think the time has come to get rid of those controls. I am not going to take more time at the moment.

Mr. HOMUTH: They have no jobs to go to.

Mr. MACKENZIE: You won't have, after the next election.

Mr. HOMUTH: You will be in the senate, probably—if you can.

Mr. MACDONNELL (Muskoka-Ontario): As I was saying a few moments ago, I wish, before I sit down, to put it to the minister—and I do not want to labour this point further—that, as was done on a previous occasion, even though the standing committee is not now set up—

An hon. MEMBER: It is.

Mr. MACDONNELL (Muskoka-Ontario): The committee is set up. Then I am asking the minister if he will agree that this bill should be referred to a committee for the reasons I have stated. I hope he will accept that suggestion. If not, I wish to move that that be done.

Mr. W. ROSS THATCHER (Moose Jaw): Mr. Speaker, I listened to the remarks of the minister and the hon. member for Muskoka-Ontario (Mr. Macdonnell) with interest. As I understand it, the purpose of the bill is to allow the government to control, by permit, Canadian exports and imports of certain scarce articles. According to the minister, this is necessary in order to assure the supply and distribution of these articles within Canada. Moreover, in so far as exports are concerned, it may aid our country to bring about certain intergovernmental arrangements. It is evident therefore, that this bill will continue for a while longer a degree of national planning in our foreign trade.

For a number of reasons we in this group believe that to be a wise policy. During the war public planning worked successfully; I do not think there will be many who will deny that. Canada's trade was handled by import and export boards, and caused trade to flow in unprecedented quantities from Canada overseas. We see no reason why these boards which worked so well during the war should not do an equally good job in peace.

I believe controls of this kind, if properly utilized, have certain advantages, and I should like to go over those briefly. They can ensure the importation of most vital goods into a country. This is an advantage, particularly if the country is short of foreign exchange.

In the second place, I believe boards of this kind can make long-term agreements for bulk purchases and sales with other countries. Thus they can effect economies. To a degree they can stabilize prices, and they can lower costs and prices.

[Mr. Macdonnell (Muskoka-Ontario).]

Moreover, boards are able to prevent the exhaustion of vital resources by hurried sales in temporarily profitable foreign markets. These are certain advantages which do not always accrue, but which would probably accrue from controls of this nature. Then there is a further reason why we in this group believe that the government must maintain some degree of control over our export trade.

An hon. MEMBER: What group?

Mr. THATCHER: The C.C.F. For the past several years Canada has made huge loans and gifts to many countries in Europe, aggregating, I understand, over two billions of dollars. With the aid of those huge loans, our foreign trade has reached almost fantastic proportions. But today over half of those loans have been spent. For example, France's credit amounted to \$242,000,000. If I understand correctly, that credit is now used up. Great Britain, the biggest market for our primary products, has used over half of her loan. This is what Reuter's correspondent had to say on Monday in London:

It is probable that, within a year from now, Britain will simply not have enough money to buy all the goods that the overseas primary producing countries will want to sell her. France, and most of the other European importing countries, may be in an even worse case.

I think that is true of many of the nations to which we have made loans. One newspaper summed it up aptly last week by saying that the honeymoon of the two billion dollar trade credit spree is almost over. I think Canada should face the blunt fact that, in view of the crippled condition of these European states, our exports will probably drop drastically in the very near future. The hon. member for Muskoka-Ontario referred to the speech made by Graham Towers, and I should like to quote a paragraph from that speech as reported in the *Globe and Mail*. He said:

Canada cannot continue indefinitely to sell on credit in overseas markets while she is incurring a substantial cash deficit in her balance of payments within the United States.

And again:

We are going to require all the wits, agility and capability of manoeuvring we can muster to meet the situations which we will have to face.

It seems logical to suppose that in the near future trade competition between nations will again become acute and Canada may very well find herself, as she did a few years ago, in a desperate scramble for world markets. When that time comes, and I think it will come soon, the present bill may provide us with some of the manoeuvrability of which Mr. Towers speaks; it may provide us with certain weapons to help us keep our export trade in a healthy condition.

This party agrees with the broad principles of the bill. At the same time we are not satisfied with the way in which the government has exercised export and import control in the past two years. On numerous occasions it has seemed to us that the policy has been short-sighted. I mention this now because I hope it will not be as short-sighted in the next year. For example, much of the best lumber in this country was allowed to go to foreign markets, while an acute housing shortage in Canada was accentuated by the lack of lumber. We saw export permits granted for farm machinery, while veterans and farmers in some cases could not get machinery with which to work their land properly. In this house and in the newspapers for the past week we have heard about the shortage of railroad cars. According to reports, factories at Hamilton are likely to be closed down soon, and men laid off work because there are not enough of these cars. Yet in a government report, entitled "Foreign Trade", which came out last week, it is stated on page 287 that over \$53,000,000 worth of locomotives and railway cars were exported. Those are only a few examples.

Mr. HOMUTH: Would you kill export trade?

Mr. THATCHER: I will come to that.

Mr. HOMUTH: Are we not willing to make any sacrifice?

Mr. THATCHER: I will say to the hon. member that we in this group are as anxious as anyone to keep our export markets, but we do not believe the government in a post-war chase for foreign markets should send abroad all available products, whether they are surplus or not. That does not seem to us to be reasonable, particularly when a great deal of that merchandise is being financed by Canadian money.

We believe that our foreign trade should be controlled for a while longer by properly constituted boards; but we hope that for the next year, or for whatever length of time it may be necessary, these boards will issue permits in accord, not only with Canada's export needs, but with Canada's needs as a whole.

There is only one other point I should like to mention before sitting down, our trade with Great Britain. I think a discussion of that trade will properly come under this bill. According to the "Canada Year Book", in 1939 we imported from Great Britain goods valued at \$114,000,000, and we exported to Great Britain goods valued at \$328,000,000. It seems to have been the same for a number

of years; we have been selling to Great Britain at least three times what we have been buying from her. I think the opposite is true of our trade relations with the United States.

Today the financial position of Great Britain is such that she can no longer continue to sell Canada only one-third of what she is buying and, according to many reports, the whole British market will be in jeopardy once our loan expires, unless something is done to encourage British exports into Canada. It is conceivable that, if the scope of this present bill is wide enough, it might help us to increase our purchases from Great Britain. In any event we have to increase those purchases some way.

One of the best ways of increasing imports from another country is to reduce tariffs, and I think that would be reasonable in this case. I was perturbed to notice about a week ago that the government has re-established the old high tariff schedule on British imports. It is to come into effect next June. Aside from any desire we may have to help Great Britain, that is not a wise step at this time in our own self-interest. By putting that tariff back on again, we may be jeopardizing our market for some of the products which we want to sell to Great Britain. This group is absolutely opposed to the reimposition of a higher British tariff at this time.

Mr. HOMUTH: May I ask a question?

Mr. THATCHER: One moment please.

Mr. HOMUTH: May I ask a question?

Mr. THATCHER: I should like to finish first and then the hon. member may ask a question.

Mr. HOMUTH: May I ask a question?

Mr. SPEAKER: The hon. member who has the floor should not be interrupted.

Mr. THATCHER: The point I am trying to make is that, if the tariff on British imports is again to be imposed, it would seem to indicate a lack of planning. I should like to have a statement from the minister while we are discussing this bill.

Mr. HOMUTH: The hon. member has made a statement with regard to British tariffs under the British empire agreement, and he has said that the C.C.F. were opposed to what the minister has said, that that agreement was going to end in June. Is that a statement of policy of the C.C.F., that they are opposed to that?

Mr. THATCHER: I do not suppose I can speak for our group.

Mr. HOMUTH: You did speak for them; you said the C.C.F. group.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, we in this group definitely support the principle that a nation should have complete control over its exports and imports so as to protect the supply of goods which may be in short supply and also to protect its balance of payments. Unfortunately I was called out of the house before the minister spoke, so that I did not hear his remarks. I am not at all sure that the purpose of the bill is to do the two things I have enumerated. I am not sure whether the purpose of the bill is to help protect our balance of payments or to make sure that the supply of goods in short supply in this country will be taken care of.

I do not like the way in which certain clauses in the bill are framed. It does look as though they might permit discrimination as between one industry and another. I do not think that is the intention of the bill; but, judging by the way certain sections are phrased, and I refer particularly to sections 5 and 6, that would seem to be the case. I should like to see this bill referred to the committee on banking and commerce in order that it may be discussed in some detail. It will be remembered that last session we in this group took exception to certain sections of the proposal of the United States for the expansion of world trade and employment. We pointed out that those proposals provided for non-discrimination in trade. We felt that a nation should have the power to discriminate between the imports of one nation and those of another for the simple reason that one nation may have an unfavourable balance of trade with one country and yet be able to balance its trade with the other nations with which it deals. Therefore we must be able to discriminate against the imports from a particular nation. That is, choose one source of supply.

It is interesting to note, in the report of the conference that met in London last year dealing with those proposals, that many of the nations took exactly the same stand that I took in this house, namely, that to protect their balance of payments nations must be allowed to discriminate against the imports of another nation. It seems to me that this bill is perhaps providing for that very thing. I may have misunderstood its purpose; but, judging by the way it is written, it would be possible for this country to discriminate against the imports of any one nation. It does not say that we have to discriminate against the imports of all nations, but we might discriminate against the imports of one

[Mr. Thatcher.]

nation, and in view of the fact that we have difficulty in maintaining a favourable balance of trade with the United States it is possible that we might decide to discriminate against imports from that country and encourage imports from Great Britain instead, because we have a surplus with Britain and a deficit with the United States, and if we could discriminate against the imports from the United States and encourage imports from Great Britain it would help to solve the difficulties we have regarding foreign trade. Therefore, to clarify matters, I would welcome seeing this bill sent to the banking and commerce committee.

Mr. SPEAKER: Is the house ready for the question?

Mr. FLEMING: May we not have an indication from the minister as to whether he will accept the suggestion and send the bill to the banking and commerce committee? I think that would curtail discussion. If not, I have something to say.

Mr. MacKINNON: I am willing to move that the bill be referred to the banking and commerce committee after it has been given a second reading.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CANADIAN WHEAT BOARD ACT

EMERGENCY POWERS—GUARANTEE OF LOANS, ETC.

Hon. J. A. MacKINNON (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to amend the Canadian Wheat Board Act and to make provision for matters presently provided for by regulation under the National Emergency Transitional Powers Act, 1945, including provision for the guarantee by the Minister of Finance of loans made to the Canadian wheat board on security of grain acquired by the Canadian wheat board and the payment of other expenses incidental to the operations of the board.

Mr. BRACKEN: Are we not going to have a statement from the minister?

Mr. MacKINNON: Mr. Speaker, the purposes and essential features of the bill to amend the Canadian Wheat Board Act may be briefly described as follows:

It is the desire of the government to have certain of the powers of the Canadian wheat board which are at present authorized by order in council continued by parliament in the form of an amendment to the Canadian Wheat Board Act.

During the war years and since, the Canadian wheat board has derived its powers and authority from the Canadian Wheat Board Act, 1935, as amended, and from orders in council passed under the War Measures Act and the National Emergency Transitional Powers Act. In this period the Canadian wheat board, at the request of the dominion government undertook a series of exceptional operations relating to wheat and other grains. It is not the intention of the government to extend the powers authorizing such operations in respect to grains other than wheat beyond July 31, 1947.

The bill proposes to provide the government and the Canadian wheat board with more powers than are provided by the present act, but with less power than was provided by order in council.

The general purposes of the proposed amendment to the Canadian Wheat Board Act, 1935, are as follows:

1. To authorize the regulation by the Canadian wheat board of the interprovincial and export trade in wheat for the purpose of meeting the requirements of the wheat contract with the United Kingdom;
2. To make a corresponding adjustment in the pool period in relation to the wheat contract with the United Kingdom;
3. To make necessary changes in the provisions fixing the price to be paid to producers of wheat by the Canadian wheat board;
4. To permit the board with the special approval of the governor in council to deal in grains other than wheat.

With respect to wheat, the proposed amendments authorize the regulation of the interprovincial and export trade in wheat by the board and the conduct of all of such trading through the board until July 31, 1950. In regard to other grains, the amendment enables the board, with the approval of the governor in council, to buy, sell and deal in other grains.

In addition to making provision for implementing the wheat contract with the United Kingdom, the proposed amendments provide for a five-year pool period from August 1, 1945, until July 31, 1950, during which time producers of wheat are guaranteed a fixed initial price of \$1.35 a bushel.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, in view of the fact that the resolution proposes to continue in the hands of a government board very large powers with respect to the marketing of one of the chief agricultural commodities produced in this country, I would ask the government to give the house a good deal of information before we are asked to give second reading to the

bill. At the moment I am not going to oppose any of the principles of this measure, but I do think the members of the house should know, and I think the Canadian people should know, something about what has been done by this board in recent months in order that we may be in a better position to decide what powers shall be entrusted to it in the future.

This resolution, as the minister has said, is preliminary to a bill to amend the Canadian Wheat Board Act. The resolution itself does not tell us very much, except that its purpose is to extend by legislation certain of the regulations made under the National Emergency Transitional Powers Act, including certain guarantees to the wheat board, and the right to make certain expenditures in connection with the operations of that board.

The impression might be left from the terms of the resolution that this is a measure of minor importance. Mr. Speaker, it is not a measure of minor importance. Having regard to certain things that have occurred over recent years I consider it is of major importance to the great primary industry of agriculture in this country. Having regard to the government's wide powers in relation to marketing this particular commodity, wheat; having regard to the terms of the British wheat agreement under which this board sold the farmers' wheat at less than the world's price, and having regard to the government's policies with relation to coarse grains and to certain statements recently made by the government, I am sure that the house will appreciate that this is not by any means a measure of minor importance but one of major importance.

As I said, I do not propose at this time to oppose any of the principles of the bill. I imagine its chief purpose is to make possible the carrying out of the British wheat agreement. Let there be no misunderstanding with respect to our attitude toward that measure. The government of Canada has made an agreement with another nation. That agreement we have either to respect or to dishonour. As one public man, I propose to respect the agreements that we enter into with other nations; but in giving this board the wide powers which are asked, I think it is only fair that the Canadian people should know what has happened in recent months and what the situation now is with respect to the tremendous business which the board is doing.

This wheat question occupies a rather anomalous position in the departments of this government. An international agreement of this kind would ordinarily be signed by the Secretary of State for External Affairs (Mr. St. Laurent). But this agreement relating

to an agricultural commodity was signed by the Minister of Trade and Commerce (Mr. MacKinnon). I propose at this stage simply to ask the minister to furnish hon. members certain information before we are asked to give second reading to the bill. Then I should like to see the bill referred to the agriculture and colonization committee in order that all hon. members may get, not from the minister or from different ministers, but from those who are administering its operation, all the pertinent facts which may be required when we are dealing with such an important piece of legislation.

I wish now to indicate the type of information that we desire. If the minister will note it I feel sure he will endeavour to give us the information later on.

The first question has to do with the British wheat agreement. Six months of this crop year have now ended. I wish to ask the government if it will inform us now of four things in connection with the British agreement: one, the amount of deliveries made under the British contract to the end of January, that is, for the first six months of the crop year in which the government undertook to deliver to Britain 160,000,000 bushels of wheat; two, the amount of the sales or deliveries made abroad to countries other than Great Britain; three, the average price received per bushel on external sales outside the United Kingdom. We know what the prices are on the wheat supplies to Britain, and we have seen quotations of world prices from time to time. But we should like to know the average price received per bushel on external sales to countries other than Great Britain; four, we want to know the amount of surplus moneys which the wheat board holds on the first half of this year's crop. Hon. members will understand that the government has undertaken to sell this crop as follows: a large portion of it as \$1.55 a bushel to Britain; a smaller portion at \$1.25 for certain domestic purposes, and the remainder on world markets to other countries at prices exceeding \$2, and up to \$2.25 or more a bushel, and that the government has undertaken to pay to the farmers by way of initial payment \$1.35 a bushel. As a result of the government receiving more money than it has paid out to farmers, it has large amounts of money on hand. I should like to know the amount of surplus moneys which the wheat board holds on the first half of this year's crop.

The fifth point has to do with wheat for milling in Canada. The minister made a statement with respect to this yesterday. Wheat for domestic milling in Canada has

[Mr. Bracken.]

been delivered by the board at \$1.25 a bushel, while the price to Britain was \$1.55 and the world price was, as I have said, \$2.25 or more. Yesterday the minister announced a change in that policy. Now he says that the domestic price is to be \$1.55, not \$1.25, thereby increasing the amount to be received by wheat growers by thirty cents a bushel on the amount that was used for domestic purposes. This is a change in policy which not only increases the amount the producer gets but at the same time increases the cost of the wheat used for feed for live stock in this section of Canada by the amount of the increase in price on the feed wheat used to feed live stock.

I think also the minister ought to say more than he said tonight with respect to the government's policy concerning coarse grain. In his statement of a few minutes ago I understood him to say that this measure would have nothing to do with the marketing of barley and oats. Is that correct?

Mr. MacKINNON: We just took the authority so that, if we were asked to assume that responsibility in the future, we could do so.

Mr. BRACKEN: That gives me the opportunity to make one comment.

Mr. HOMUTH: The minister can still take the authority.

Mr. BRACKEN: I suggest that his wheat policy by itself means little unless we have a barley and oats policy as well.

I stated a few days ago in the house that the government was down on its cheese and bacon contracts with Britain. Now the government's policy with respect to coarse grains must necessarily be closely linked with its ability to fulfil its contracts. We have undertaken to deliver a large quantity of live stock products to Britain. These live stock products cannot be produced unless we have the coarse grains to produce them. The more wheat we grow, the less coarse grains we grow, and the less wheat we grow the more coarse grains we may grow. My question is, will the Minister of Trade and Commerce tell us, when he speaks later, what the government's coarse grain policy is to be. Does the government expect to increase coarse grain supplies in order to help fill the British contract for bacon and other live stock products—cheese, eggs, et cetera? If so, where does it expect the increase to take place? Does it expect western Canada to grow more hogs and produce more cheese, or does it expect the western farmers to supply coarse grains by means of various subventions so that the increased production can take place in Ontario, Quebec and eastern Canada?

The governments' policies with respect to the production of bacon have resulted in maintaining a very high production of bacon products in eastern Canada, but they have resulted in lowering it in the west. Is the policy to be to continue to encourage the production of coarse grains to be fed in the east in order to increase our supply of bacon in Britain, or what is it to be?

Then the minister or other ministers should give us some idea of what the governments' long-range policy is in other fields of agriculture other than that of wheat and coarse grains, its long range policy regarding our major farm products. Prior to the war, we had in Europe a substantial market for coarse grains and we also had a considerable market for animal and dairy products. It has been suggested that the government proposes trying to take a larger part of the British bacon market and hold it against the Danish and other hog producers. If this is its policy we should like to know it. In that connection we want to know also what it will cost the taxpayers of Canada to pay for this policy of the government. This is a question which has not had much consideration, but before we get through with these measures I am sure the government will see that it has an important bearing on what the policy should be.

The government should also give information with respect to its policies relating to quotas and authorized acreages. By order in council the government has been enabled to say to the farmer, "We will only take wheat from a certain acreage; if the acreage is beyond that we may not be able to take the whole crop." It is reserving the right not to take more than from a certain authorized acreage. By order in council the government also has the power to say, "We will not take more than fourteen bushels an acre on this authorized acreage." We want full particulars as to the government's policy in this respect, in so far as this measure carries out the plans of the past or modifies them. To the extent that quotas on reduced acreages are applied, it of course reduces the farmer's market and his income.

I would also ask the minister to give us information with regard to participation certificates. When the wheat board takes this grain from the farmers it advances an initial price and gives farmers a participation certificate which entitles them to payment of any balance the government may have after it sells the crop, any balance above what it has already paid. We want to know the government's policy with respect to these participation certificates.

Under the old wheat board act, these certificates were to be paid up when each year's crop was sold. The whole principle of the measure was to settle the one year's crop operations at or shortly after the end of that crop year. But now, by order in council under its war measures and continuing powers, the government enabled the board to say, "No, we will not pay the participation certificates at the end of each year, but will wait for five years and whatever there is left then, if any, we will pay out to the farmers."

On the basis of five months' sales of this crop year—we do not know, but the minister should know—it has been estimated that the government will be holding \$100 million—some say more—of the farmers' money at the end of of this crop year. That is a lot of money. If it is to be the policy of the government to continue to hold this money, and I gathered from the minister's statement tonight that it was, that may be satisfactory to the government, but it is not a satisfactory policy in so far as the official opposition is concerned. We will fight that policy with all the force at our command.

We want the government either to pay the farmer a parity price year after year, the parity price being now about \$1.55, rather than the advanced price of \$1.35 which is now paid; or, if the government declines to do that, to guarantee the initial payment, as a floor price, of not less than ninety per cent of parity, which would be about \$1.40 a bushel, and then undertake to honour its participation certificates every year. In other words, the government should pay what is a fair price now, what is a parity price, \$1.55 a bushel; or, in the alternative, if it thinks that is not a policy it can support, it should pay to the farmer \$1.40 a bushel advance, and later give whatever amount of money is in the hands of the wheat board at the end of this year and every year, instead of holding the balance of the money, as it proposes to do, for five years.

Another point on which the minister should give information is as to the wheat supplies, what is spoken of as the visible supplies of wheat now in existence in the country. What is the amount of our visible wheat today? It is said to be very low. One would expect that it would be relatively low in view of the huge demands and the shortages elsewhere. Complaints are made about hold-ups in shipping, and demurrage charges that have been incurred. I understand that these demurrage charges are not charged to our farmers or to this government but become a charge upon the British government.

It is suggested that some offers for wheat from abroad have been accepted, while other offers from abroad have not. What is the government's policy in this respect and where has our wheat gone, other than the 160 million bushels due to Great Britain, and to what countries and at what prices?

What we are concerned about, and I am sure the government is as much concerned about it as anyone else, is that whatever is done there shall not have been discrimination against any country which will result to our disadvantage later on. That is one of the difficulties arising out of a transaction such as this wheat agreement where 160 million bushels, or nearly two-thirds of the whole export crop, is put in one place at a price far below the world's price, when other nations want it and are even paying from fifty to seventy-five cents a bushel more than we sell it for to Britain. And the members of the house will want to know the cost to the farmers of maintaining the government's price control policy. I think we should have from the government a comprehensive statement as to where the farmer stands with respect to the government's price control or price ceiling policy. The farmer has been subsidizing bread consumers. The minister's announcement yesterday was an admission of that fact and of course no one disputes it. What his decision yesterday meant was simply that, instead of the farmers subsidizing the users of bread, the government is now going to do it. The farmer has been subsidizing bread consumers, and this is true of the wheat, bacon and cheese sold to the British markets.

The farmer does not object to paying his share of taxes, but in too many cases he carries too much of the burden of the government's price ceiling policy. We do not want parliament to adjourn without knowing what the government's policy is to be in this respect. We had a bit of a misunderstanding towards the end of last session. The government gave us to understand at the conclusion of the session that it would consider maintaining the milk subsidy. I do not say it undertook to maintain that milk subsidy. At any rate, it did not do so, even though a vote of the majority of the house instructed it to reconsider its policy of getting rid of that subsidy.

Mr. ABBOTT: It did.

Mr. BRACKEN: The government reconsidered it and threw it out.

Mr. ABBOTT: The government adhered to its original policy.

[Mr. Bracken.]

Mr. BRACKEN: Yes. The government adhered to the original policy after the house had asked it to reconsider what had been done.

Mr. ABBOTT: We did that.

Mr. BRACKEN: The government reconsidered it and threw it out. I should like to have the government announce a policy now and tell us whether it will change that policy after we are gone. In other words, what the farmer wants to know is what the government's policy will be with respect to his share of maintaining the price ceiling policy.

There are two other questions. One has to do with the wheat agreement in its relation to the expansion of trade, in its relation to what is spoken of as multilateral trade. In a few months Canada will be joining with some twenty-six nations in Geneva to begin negotiations to restore the widest possible measure of international trade, to try to increase our trade. I should like to ask the minister or the Prime Minister (Mr. Mackenzie King) or the Secretary of State for External Affairs (Mr. St. Laurent) if they do not think the United Kingdom-Canada wheat agreement makes more difficult of accomplishment the international trade organization proposals for expanding multilateral trade. Our information is that this agreement is already proving an embarrassment in those discussions, and we think it is natural that it should. I should like to have a frank statement from the government as to its view. I think every member of this house wants to give a fair deal to agriculture. And we feel that, whatever merits the British wheat agreement may have, it will prove embarrassing to us in trying to expand our trade, and that it will stand in the way of the Geneva programme which seeks to expand export trade. I say, whatever merits that agreement may have, we think it is increasing our difficulties in that way.

My last question is this. With respect to the policy of embargoes practised by this government on grains and live stock going to the United States, we want to know the government's policy regarding the embargo on the exports of major agricultural products, such as live stock products and cereals, to that country. Of course we want the British market; and we want a part of the European market. But we take the view that it is absurd to think that we can abandon the United States market for all time. As hon. members have said tonight; as has been said elsewhere by experts on trade and, as I tried to say myself a couple of weeks ago, we are lending a great deal of money to Britain, and she is not buying from us goods to the value of the money we are lending her. And from the United States we

are accepting much more than the amount of goods we are exporting. It must be apparent to anyone that such a combination of conditions cannot last very long. We should anticipate what we are running into when those loans to Britain and to other countries are exhausted. We shall need the United States market in the future just as we need the markets of other countries. I would therefore ask for a clear-cut statement from the government as to its policy of continuing the embargo against exporting our farm products to that country.

Mr. Speaker, I have said that, this agreement having been entered into by this nation with Britain, it is now an international agreement signed by this government and signed by the British government. We have to recognize that. But now we are being asked to continue for a number of years the wide powers given to a board composed of a few men with respect to the marketing of a large portion of the agricultural products of this country. What I have asked of the government is that it give us information along the lines of the questions I have asked and then, in the light of that information—

Mr. GARDINER: Mr. Speaker, may I rise to a point of order before my hon. friend, the leader of the opposition, finishes. I do not wish to interrupt the statement which has been made, but most of the information which has been asked for is information which would properly be given on the bill which is to be brought down, but which is not yet on the order paper; I have reference to the bill to be brought down providing for the marketing of farm products other than wheat. I believe that most of the information which is being asked for, if it were allowed to enter into the discussion in connection with this bill, would preclude similar discussion in connection with the bill to which it applies. I think much of that information should come down on that bill. It is all right to ask for information in regard to wheat and grain, but all the other information has some bearing on the other bill which is to be brought down.

Mr. FLEMING: When will the other bill be brought down?

Mr. GARDINER: Within a day or two.

Mr. BRACKEN: I have indicated the kind of information this house should have and the people of this country should have in dealing with an important measure of this kind. If I have asked for anything here which has no direct bearing on the bill before us, I will not press the government to bring forward that kind of information at this time. But there is plenty of information I have sought which

has a direct bearing on this bill, and I would respectfully ask the minister to see that it is given to us before he expects us to give second reading to this bill.

I would ask the minister also to say whether he is prepared to have this bill referred to the committee on agriculture and colonization. We want it referred to that committee. If the minister will say that it will go there, it will save some time in debate in this house. If he does not, then we on this side will move an amendment that that be done. Either before or after it receives second reading, we shall move that it go to that committee, because we believe that in that way members of the house will get to understand thoroughly this measure and be able to assess its merits and demerits.

On motion of Mr. Burton the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. MACKENZIE: Tomorrow the business will be the continuation of the debate upon this measure and, if we should conclude that, the second reading of the bill dealing with supplemental payments on mail contracts. Then we shall probably go into a discussion on redistribution. There is a resolution on the order paper as well as second reading of Bill No. 18, both dealing with the question of redistribution. If we should finish with those, which is very unlikely, we shall go on with the question of immigration.

Mr. KNOWLES: But not with the omnibus bill?

Mr. MACKENZIE: No.

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

The following is the English translation of a speech delivered in French on the date indicated.

Tuesday, February 18, 1947

INTERNATIONAL TRADE CONFERENCE

TABLING OF FRENCH VERSION OF THE PREPARATORY COMMITTEE'S REPORT

Right Honourable LOUIS S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I beg to lay on the table of the house two copies, in French, of the report of the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment. It will be remembered that the English text was tabled on February 10.