

HOUSE OF COMMONS

Thursday, November 19, 1953

The house met at 2.30 p.m.

DIPLOMATIC INSTRUMENTS

TABLING OF EXCHANGE OF NOTES BETWEEN
UNITED STATES AND CANADA—HAINES-
FAIRBANKS PIPE LINE

Hon. L. B. Pearson (Secretary of State for External Affairs): I should like to table an exchange of notes between Canada and the United States of America constituting an agreement concerning the Haines-Fairbanks pipe line signed in Ottawa on June 30, 1953, in English and in French.

HOUSE OF COMMONS

ALLEGED ABUSE OF MEMBERS' FRANKING
PRIVILEGES

On the orders of the day:

Mr. E. T. Applegrove (Skeena): I should like to ask a question of the acting Postmaster General. Is the Post Office Department investigating the apparent abuse of members' franking privileges, as reported in an item on page 6 of the Ottawa Journal of November 18, copy of which I have sent to the minister?

Hon. J. W. Pickersgill (Acting Postmaster General): I noticed the item myself in the Journal last night. It is a reprint from the Calgary Herald, and I have asked the Post Office Department to communicate with the editor of the Calgary Herald to see whether he can get both the cover and the contents so we can find out which member's frank had been used. I assume of course from the article that it was used improperly.

EXTERNAL AFFAIRS

IGOR GOUZENKO—APPEARANCE BEFORE UNITED
STATES SENATE COMMITTEE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I would like to direct a question to the Secretary of State for External Affairs. In view of a news report to the effect that the United States government is renewing its application, or passing on its request, for an examination of Igor Gouzenko, is there any probability of the government changing its decision already made on the first application, under this further apparent pressure?

Hon. L. B. Pearson (Secretary of State for External Affairs): I can only say in reply to the question that notwithstanding press reports to the contrary, no such second request has yet been made to the Canadian government. If such a request were made I should think that, unless it included new information and new factors bearing on the case there would be no reason to change the decision already made.

INQUIRY AS TO EXTENSION OF ANZUS PACT
IN PACIFIC AREA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Are there any negotiations either taking place or in contemplation for the extension of the ANZUS pact on the Pacific, or for any wider Pacific defence pact?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am not aware of any such negotiation taking place at the present time, or of their imminent likelihood. I am aware that certain proposals have been made in Washington by members of the congress looking toward the extension of that pact. However, there have been no governmental negotiations as yet to this end.

SEA RESCUE

SUGGESTED ESTABLISHMENT OF COASTGUARD ON
BRITISH COLUMBIA COAST

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I should like to ask a question of the Minister of Transport. As we are dependent upon the United States coastguard for sea rescue on the coast of British Columbia, has the government any plans for the establishment of a coastguard service on the Pacific coast in the near future?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I find myself in disagreement with my hon. friend as to the first part of his question. I do not think it is accurate to say that we are dependent on the United States coastguard on the west coast. On the contrary, we have two very modern life-saving stations on that coast, on Vancouver

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of one shilling a square foot a year. When I was in Great Britain in 1949 it was my privilege to go into a number of those establishments. As I have said before, I think they are a major step forward. I believe it would be in the interests of Canada if the present government would give consideration to the initiation of a similar plan in this dominion.

There is just one other point to which I wish to refer. I said that I was not going to abuse the privilege which is mine and I shall not do so. I raise this point at this time because I believe it is something upon which the government should take immediate action. I believe that more encouragement should be given to Canadian industry and that greater interest should be taken in seeing to it that Canadian industry gets a greater break in the supply of materials and in contracting for work when there is a mutual Canadian-United States agreement, and particularly when it is a mutual agreement for defence.

I am under no circumstances criticizing or attacking the principle of mutual agreements between the United States and the Dominion of Canada; but, Mr. Speaker, I think that we in Canada are not getting a break in the supply of materials and on tendering for contracts for work which is to be done in the Dominion of Canada. I realize that it would not be fair to generalize in that way so I am going to bring it down to a particular instance. I want to refer to the agreement made between the Dominion of Canada and the United States on what is known as the Haines-Fairbanks pipe line. The Haines-Fairbanks pipe line is under the permanent joint board on defence. It is being financed in the main by the United States government. Therefore it is a United States project. But in this project, a few hundred miles of it have to go through the province of British Columbia on the northern boundary. Not only in Canada a signatory, as she must be, to this project but Canada also has some responsibilities. In the agreement which was filed in this house we find paragraph 1 which is entitled "Right of Way" and which reads as follows:

All land or interest in land required for the right of way of the pipe line and appurtenances including any pumping stations . . . and for access roads, will be acquired by and remain in the title of Canada. Any expense incurred in the acquisition of such land shall be assumed by Canada.

Hence the dominion obviously has a financial as well as a defence interest in the Haines-Fairbanks pipe line. Because this is a mutual defence project, Canada moved very quickly to put through the necessary regulations in order to make it possible for all the equipment and all the supplies

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coming into Canada from the government of the United States, from anyone who is contracting with the government of the United States or any Canadian who is contracting with the government of the United States, to come into Canada, as the memorandum says, free of customs duties, sales tax and excise tax. Canada moved very swiftly because, under date of September 18, the memorandum was sent out by the customs and excise division making it clear to all those concerned that Canada was not going to charge any customs duties, excise tax or sales tax on materials coming into British Columbia for this project.

The four or five weeks before I came down to the House of Commons I spent in making a survey of industry in British Columbia for the purpose of trying to be a better member of parliament by knowing the industries, what they are doing, what they can do, and what their potentialities are. In making that survey, Mr. Speaker, time after time I came up against a big industry who said they were interested in being able to tender on this Canadian-United States project but that they did not know what was going to happen on the sales tax and the customs duty position and that they did not know whom to contact. As soon as I came to Ottawa I tried to find out. I found out from the departments here in Ottawa that it is extremely easy to find out what Canada has done—which, as I have already pointed out, has been absolutely fair, absolutely decent—working in a speedy manner. But, Mr. Speaker, it took me five days to find out, or rather for the government departments to find out what the United States has done to give us equal treatment. I finally got the answer right here in Ottawa after five days' search; and the answer was that the United States has not given our people the same rights and the same treatment in tendering for supplies, work or materials in the contiguous sections in the United States. I think it is wrong that we have this kind of agreement, when part of a project goes through the Dominion of Canada, whereby we should say that the United States is exempt on anything that they send in but our people are not exempt from United States taxes if we want to bid on contiguous sections in the United States.

Mr. Lesage: Who is paying the whole cost?

Mr. Winch: The greater part of the cost is being paid by the United States government.

Mr. Lesage: The whole cost.

Mr. Winch: I cannot answer that. I just read this part of the agreement which was filed in this house and which says that

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Mr. Howe (Port Arthur): May I ask the hon. member a question?

Mr. Winch: Yes.

Mr. Howe (Port Arthur): Is he aware that the contract for the laying of all pipe within Canada went to a Vancouver contractor? Is he also aware that the pipe itself was bought in England, which we in Canada are rather inclined to look upon with favour if we cannot make the pipe in Canada? What more does he want?

Mr. Winch: At the time I was there the contracts had not been let, and industry in Vancouver, which I not only think but know is interested, did not know about it. My point is still absolutely valid. If you are going to appoint a liaison officer, and I think it is right that you should, he should be stationed in the centre where he can be of most value. Although I like Whitehorse very much and know the place quite well, I submit he should not be located there but in Victoria, Vancouver or Edmonton, or an industrial centre where you could logically expect to be able to get in touch with such an officer. I am expressing here the views that were expressed to me by industry in the province of British Columbia.

Mr. Howe (Port Arthur): A piece of nonsense.

Mr. Winch: I do not think industry in British Columbia considers it nonsense. We have very good industries there and they operate very efficiently. We have men who are on their toes. There is no question about that. That was definitely proven in the last war. If you will look to the industry of British Columbia I think you will find that we can handle any job pretty well. All we are asking is an even break, and I ask for an even break for all Canadian industry. I am not speaking parochially for the province of British Columbia alone because the prosperity of Canada does not depend upon one province or community. It depends upon the prosperity of all Canada. All I am doing is asking that it be made clear that such agreements entail a two-way street irrespective of who is paying the shot, and that in appointing liaison officers such appointments should be well publicized and they should be stationed in a central location. That is all I want to say at this time on the matter of industrial estates, decentralization and these agreements. In addition, I hope that the government has not forgotten the matters I drew to their attention when I spoke last.

Mr. J. W. Noseworthy (York South): Mr. Speaker, before the vote is taken on the

Canada has to pay for the acquisition of land in British Columbia. I do not know what that means if the United States pays the whole cost. If they are paying the whole cost, that is fine. I will accept that statement, even though it is outside the terms of the agreement. But they are in Canada. Because it is a mutual agreement we agreed to let them come in free of customs duties, sales tax and excise tax. I say that is as it should be. But I also say, sir, that the Canadian industries and Canadian products should have the same right in that contiguous section of the United States. It should be a two-way street, not a one-way street. I sincerely hope the government will take this matter under advisement. I am also certain that the minister, who has just spoken, will say that they are interested in encouraging the use of Canadian materials and that there is actually a section to that effect in the agreement. I want to be honest and fair so I will read it. It is subsection (c) of section 8 and reads as follows:

Canadian materials will be used on the Canadian portion of the line as far as feasible.

But we are in a pretty difficult position, as I have just outlined, because we are completely up against the competition of United States business concerns who want to come into Canada because they are operating on the same basis as Canadian firms, while on the other hand we are in a difficult position if we want to go into the United States unless the secretary of the army says that we do not have to pay these taxes. That is an impossible situation for industry to have to face if they want to tender on contracts for supplies. I said that the government will say they are very interested in this. I want to admit here and now that they have expressed their interest by the appointment of a civil servant to whom they have given the title of special commissioner on the Haines cut-off. He is the liaison officer with the United States officials on this pipe line in British Columbia.

That is as it should be, but here is the point. Before I left Vancouver I spent four or five weeks covering industry in that city, some of which are quite capable of tendering on this kind of job, and they did not know anything about this man who had been appointed. They had not heard of him. I found out as soon as I arrived here, and I want to say that I got the information speedily on my arrival. However, while this man may be the finest in the world, and I do not doubt but what he is, when I asked how industry was to get in touch with him I found that his postal address was Whitehorse, Yukon Territory.

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Revised Diplomatic Agreements

CTS 1953/20 ✓
 CTS 1957/11
 *1959/21 ✓
 1962/6
 *1962/15
 1964/3
 1964/27
 1967/23