

*Water Resources*

ity standards. These standards must be the best possible for the river or river basin in question. They must be compatible with the nature of the river, the resource base of the region, the growth rate of population and industry and the variety and concentration of uses of that river. I think we seek to analyse and plan each river in detail and set the best standard.

The standards will be for full protection of human health and aquatic life and for the preservation of recreational values and scenic beauties as well as all other benefits. But to set a common denominator that suits both Lake Louise and Hamilton harbour is entirely inappropriate. Since all waters can never be entirely pure, we would have to set a standard for the nation that would be less than pristine purity. That being the case, anyone without stricture could pollute our finest waters down to the national standard.

I would ask members of this House whether that is the proper way to treat our purest water resources. My opinion, which I am sure is shared by most, is that it would be a licence, and a free one at that, to pollute. Yet that is precisely what a national standard would do. We want to improve the quality of polluted streams and keep those that are now beautiful and clean in that ideal state. This is why we say there should not be uniform standards but optimal standards. These optimal standards will not be set by local agencies. These agencies are only empowered to analyse, plan and recommend. The two senior levels of government are jointly responsible for the final decision, and hopefully, in the unlikely event that there is no co-operation at the provincial level of government, this bill will provide the federal government with the tools to move ahead on its own.

One of the great attributes of the Canada water bill is that it represents a positive approach toward the management of this nation's vital water resources. By embodying all the forces at the command of governments, and by providing for the effective utilization of these forces, it avoids the chaos of constitutional issues which in the past have inhibited or prevented a sound approach to water resource management and development. In the conservation of our natural resources, particularly in husbanding our scarce and critical ones such as water, we must use all the tools at our disposal. Through education and information we can bring moral suasion to bear; through prohibition and penalties we can bring punitive

[Mr. Orange.]

measures to bear, and through effluent discharge fees we can bring economic forces to bear. The bill before us incorporates all three.

I should like to devote some time to the discussion of the economic forces and the concept of effluent discharge fees which critics of this bill in their frequent reference to financing have somehow or other failed to comprehend or even note. One of the first principles of economics is that items of value have costs. These costs may be expressed in terms of money as determined by the market process. We are all familiar with the concept of the balance sheet whereby all the costs of doing business are totalled and compared with the revenue received from sales, which results in either a profit or a deficit. These are internal costs. But where costs are incurred, say, by another firm outside the framework of the balance-sheet, they are external to it and hence not considered in the accounts or in determining the value of production, the processes used or the combinations of labour and capital. The social costs of pollution are analogous to these external accounting costs and, indeed, include the costs of treating polluted water for downstream use.

By far the larger costs of pollution are borne by downstream users in the form of health defects, depressed land prices, closed recreation areas and destruction of our fish, wildlife and aesthetic resources, all of which have been brought forcefully to the nation's attention, through the public information media, by conservation groups and by this debate. Yet up to the time of this bill there existed no mechanism whereby these social costs could be integrated into industrial and municipal decisions; one had to rely upon moral suasion and the corporate image concept. While there have been some outstanding examples of social responsibility, these have been isolated and weak and have varied from industry to industry and from company to company.

• (8:30 p.m.)

Alternatively, one could choose to rely solely upon standards and penalties, but these punitive measures come into effect only after a plant has been built, after it has operated, and after the damage has been done. The cost and time required to determine the source of pollution, and carry through court action, mitigate against the use of these instruments for the day-to-day control of millions of tons of wastes.