

Senator Stewart: Honourable senators, I am really repeating my answer. Insofar as I can recall the words of the reference from the Senate that is now before the committee, it would require an extraordinarily wide interpretation to permit the committee to undertake the kind of work to which the honourable senator makes reference. However, I shall turn up the reference and pass it on to the Honourable Senator Prud'homme so that he can see if, by a most ingenious interpretation, he can justify the committee undertaking such a task.

Senator Prud'homme: I may have some consultations with a former Minister of Foreign Affairs who is a member of the Senate. He was a great master of finding solutions of that kind. He is very knowledgeable of the region and has been consulted in the past as to Canada's relationship with the Middle East. Perhaps if we put our brains together, we may find an angle.

We know that St. Paul was converted on the road to Damascus. I will not give up the possibility of learning from our new ambassador firsthand what is going on in the Middle East. Perhaps he will become an extraordinarily good ambassador to the two groups of people who share that land.

NATIONAL FINANCE

BANK OF CANADA—PAY INCREASES TO OFFICIALS

Hon. Jean-Maurice Simard: Honourable senators, my question is addressed to the Leader of the Government in the Senate. Canadians discovered recently that at least four Deputy Governors of the Bank of Canada, and one who retired last year, had been granted substantial increases in salary. On average, those increases amounted to approximately \$12,000 a year for each one.

At the time, the Minister of Finance declared himself very surprised that such increases had been granted. We heard on TV that night that he rushed to call the Governor of the Bank of Canada, insisting that the increases be rolled back. Obviously, that was done.

Being a cabinet minister, can the Leader of the Government in the Senate tell us if the suspension of these pay increases was made retroactively?

Hon. Joyce Fairbairn (Leader of the Government): Honourable senators, I cannot answer that question. I will endeavour to get an answer for my honourable friend. As he has noted, the increases were very quickly withdrawn by the governor of the bank and the board.

Senator Simard: Will the Leader of the Government also confirm that the Privy Council Office directed an increase for the

governor himself in 1993 or 1994? Surely, that should not have surprised Mr. Martin. I am sure that Senator Fairbairn was there when cabinet approved the increase. Why are things so good for the governor, whose salary has tripled in the last decade? His salary range now goes up to \$269,000. Why did the government not say no to this increase? Why did the government approve it?

Senator Fairbairn: Honourable senators, I am sure my friend would not wish me to discuss anything that might go on in the confines of cabinet.

In the case of the Governor of the Bank of Canada, the process for his remuneration is different from the process utilized for the deputy governors to whom my friend referred earlier. Their situation was dealt with by the board of the bank. I will try to find out a bit more detail for my friend on the governor.

Senator Simard: Honourable senators, my point is this: When the public became aware of this situation, it was almost as if there was a crisis. The government found itself in an awful position, having asked Canadians to live with no increases for the last decade. Yet, it granted to the governor a 10 per cent increase in the previous year. Why did the government not ensure that all increases were rolled back?

We know that the Senior Deputy Minister of Finance was at that meeting when the board of governors decided to grant themselves these increases. Surely, Mr. Martin must be on speaking terms with his deputy minister. If not, he should be fired. If the deputy minister keeps such information from his minister, I suggest he should be fired. What does the leader think of my suggestion?

• (2050)

Why does Mr. Martin not level with people and tell the truth? If he is unable to tell the whole truth on this dossier, I am sure that the Leader of the Government in the Senate will do so once and for all.

Senator Fairbairn: I can assure my honourable friend that to the best of my ability I always try to tell the truth, especially in answering questions from him, and that I always find his observations extremely interesting, although I do not always agree with them.

Senator MacEachen: Speak for yourself.

Senator Fairbairn: In response to the question regarding Mr. Martin, he did make it clear at the time that he was not aware of the increases. I will, as always, ensure that my honourable friend's questions and observations are directed to the colleagues to whom he would like them to be directed.