

Adjournment Debate

nies, and that surely has to come and come quickly. A third suggestion was to sit down and talk with the provinces and try to come up with some answer. A fourth suggestion was that the federal Government get involved in a reinsurance company to help the whole reinsurance aspect.

There have been other suggestions; that perhaps the insurance companies are conspiring together to stop any liability insurance. Generally, you and I know that if there is a need the private sector will get in there and fill it. It may be costly, but they will get in there and fill it. Something, however, has to be done because this is a crisis. There have been four, five, or six different suggestions of what we should do. Something does have to be done and quickly.

In my view the federal Government should be taking a leadership role. We should be talking to the provinces and the insurance companies. We should be considering some of these other alternative proposals and getting back to the Canadian people and reporting to them as to what has happened. I hope tonight we will hear some news from the Parliamentary Secretary of a positive nature, that the Government is going to be taking some action, and going to be reporting to the people of Canada what that action is.

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): The Government is aware and of course concerned about the problems currently being faced by municipalities, school boards, companies and certain other organizations, including sports clubs, in obtaining adequate liability coverage at a price they consider reasonable.

The Minister of Finance (Mr. Wilson) and the Minister of State for Finance (Mrs. McDougall) have each met with a number of representatives of the organizations that have been experiencing these difficulties. The Government has also been seeking industry assistance in solving these problems.

While the Ministers have considerable sympathy for the organizations encountering difficulties, they also have some understanding for the reasons why the industry is cutting back on coverage and increasing premiums. The current situation is caused by poor operating results, fear on the part of the industry about the uncertainty of the magnitude of future liability awards, and by a significant tightening of reinsurance markets. Of course, all these factors are interrelated and the situation they cause is not confined to Canada. I am informed that the situation in the United States faced by organizations needing liability insurance coverage is even more severe.

The Hon. Member asks whether legislation will be introduced to limit or cap what appears to be the principal reason for the tightening of the liability insurance market and the large premium increases, namely, the claims the insurance companies have to pay. In answering the specific question asked by the Hon. Member, I must tell him that a reform of the law of tort falls within provincial jurisdiction and is thus outside the competence of the Parliament of Canada. Similarly, the relationships between policyholders and companies are subject to provincial jurisdiction and, therefore, the question of

premium or rate control falls outside the jurisdiction of Parliament.

● (1820)

Because of the particularly serious situation in Ontario and because a number of the matters that have been suggested as possible solutions to the current difficulties fall under provincial jurisdiction, the Government of Ontario announced that it is establishing a task force. The mandate of the task force is to develop a report on solutions for cost and capacity problems in the property and casualty industry in Ontario. The terms of reference of this task force are far ranging; the task force is to report in three months. The Minister of State for Finance indicated that she is ready to assist the task force in any way she can, and said that she can be particularly helpful in the area of solvency standards, a subject over which the federal Government has some jurisdiction. A considerable amount of work has already been done in this area at the federal level.

The Government will also press ahead with legislation designed to strengthen solvency standards and regulatory requirements for insurance companies. The objective here is to promote financial stability which, in turn, should encourage new capital and better availability of reinsurance, something that would ease capacity problems.

AGRICULTURE (A) UNITED STATES AND EUROPEAN
COMMUNITY WHEAT TRADING PRACTICES. (B) UNITED STATES
FARM COMMODITY SUBSIDIES

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, on Friday last I asked two questions in the House on the position of the United States in the export grain market. I asked those questions in order to register the alarm and concern of producers who know that the United States can affect our markets more quickly and to a greater extent than any other country in the world. Unfortunately, the Minister replied by making excuses for the United States and registered no particular concern for the Canadian producers.

Last May the United States Government introduced the bonus incentive commodity export program to reduce its stock level of grains which existed as a result of a program of basic loans. A great deal of grain was accumulated under the auspices of the Government. The effect of this program was to reduce the price of U.S. wheat on the world market. In fact it resulted in allowing a buyer to receive a free bushel of grain for every two or three bushels he purchased. The subsidy was anywhere from \$22 to \$66 per tonne and this was paid when the wheat was sold, as in the particular cases which I have documented, to Egypt and Algeria. The EEC has a similar program.

The Minister gave no indication of any action the Government intends to take to counter this unfair practice.

Again, during the last month, the United States passed its new agricultural Bill. That Bill is expected to pour \$52 billion in subsidies into the U.S. agricultural market in the next three years. Again, the Minister indicated that he had no action